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1                                   **UNITED STATES DISTRICT COURT**  
2                                   **FOR THE NORTHERN DISTRICT OF GEORGIA**  
3                                   **ATLANTA DIVISION**

4 UNITED STATES OF AMERICA, )  
5                                   ) )  
6       -VS-                       ) DOCKET NO. 1:20-CR-347-JPB  
7 RYAN FELTON,                   ) VOLUME 2 OF 3  
8                                   ) )  
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                                DEFENDANT.                   )

9                                   **TRANSCRIPT OF JURY TRIAL PROCEEDINGS**  
10                                  **BEFORE THE HONORABLE J.P. BOULEE**  
11                                  **UNITED STATES DISTRICT JUDGE**  
12                                  **JULY 12, 2022**

14 **APPEARANCES:**

15 **ON BEHALF OF THE GOVERNMENT:**

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17       SEKRET T. SNEED, ESQ.  
18       ASSISTANT UNITED STATES ATTORNEYS

18 **ON BEHALF OF THE DEFENDANT:**

19       JOSHUA S. LOWTHER, ESQ.  
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22 **STENOGRAPHICALLY RECORDED BY:**

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24                                  OFFICIAL COURT REPORTER  
25                                  UNITED STATES DISTRICT COURT  
  ATLANTA, GEORGIA

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1                   **(PROCEEDINGS HELD IN OPEN COURT AT 9:32 A.M., ATLANTA)**

2                   **(Court Announced)**

3                   THE COURT: I hope everyone is well this morning. Good  
4 to see all of you.

5                   Mr. Kitchens or Ms. Sneed, are we ready for the next  
6 witness?

7                   MR. KITCHENS: We are, your Honor.

8                   THE COURT: Okay. All right.

9                   Ms. Oduka, I think our court security officer's probably  
10 going around the other side, but can you let him know we can --  
11 oh. Officer.

12                  COURT SECURITY OFFICER: Yes, sir.

13                  THE COURT: We're ready to bring out the jury, please.

14                  COURT SECURITY OFFICER: Yes, sir.

15                  THE COURT: Thank you.

16                  (The jury entered the courtroom)

17                  THE COURT: Ladies and gentlemen of the jury, good  
18 morning. I hope that you are all well this morning. Thank you  
19 for being here. And I know y'all got here in a timely fashion, so  
20 that's appreciated very much as well. This morning we're going to  
21 continue with the government witnesses.

22                  Counsel.

23                  MR. KITCHENS: Good morning, your Honor.

24                  The government calls Tony Gallippi.

25                  COURTROOM DEPUTY CLERK: Mr. Gallippi, will you remain

1 standing and raise your right hand.

2

3

TONY GALLIPPI

4

a witness herein, being first duly sworn,

5

was examined and testified as follows:

6

7

8

COURTROOM DEPUTY CLERK: Thank you. Have a seat.

9

DIRECT EXAMINATION

10 BY MR. KITCHENS:

11 Q. Good morning, Mr. Gallippi.

12 A. Good morning.

13 Q. Can you tell us, where do you currently live?

14 A. I live in Orlando, Florida.

15 Q. Where do you work?

16 A. I work at a company called BitPay.

17 Q. Can you tell us a little bit about what BitPay is?

18 A. Yeah. BitPay was started in 2011. We are a payment processor  
19 for Bitcoin and cryptocurrencies.

20 Q. And what -- just at a high-level, what is cryptocurrency?

21 A. Cryptocurrency, I would describe it as a type of Internet  
22 money. It's money -- it's a monetary system that's not run by any  
23 governmental corporation but just by collectively the people who  
24 use it.

25 Bitcoin was the first cryptocurrency in the modern age; was

1 invented in 2009. And it allows a person to send money to any  
2 other person like they would send an e-mail instantly anywhere in  
3 the world.

4 **Q.** When did BitPay get started?

5 **A.** 2011.

6 **Q.** What was your role in the founding of BitPay?

7 **A.** Well, I was one of the co-founders. There were two of us.

8 **Q.** And what is it that BitPay does if -- allows people that hold  
9 Bitcoin and other cryptocurrency to do?

10 **A.** Sure. So the -- I guess as the name implies, BitPay meant  
11 Bitcoin payments. So we would allow a business that had a website  
12 to accept Bitcoin from their shoppers as a form of payment, you  
13 know, just like they would accept credit cards or Paypal. We  
14 provided the tools for them to add a pay-with-Bitcoin button.

15 Most of the companies did not want to touch or handle the  
16 Bitcoin, so we would just convert it to dollars and send it to  
17 their bank account. We effectively act as a payment processing  
18 service for companies that want to interact with Bitcoin and  
19 cryptocurrency networks.

20 **Q.** So is it kind of like a payment processing company like you  
21 would have for credit cards, but you're specific to  
22 cryptocurrency?

23 **A.** That's correct.

24 **Q.** And what are some of the merchants that use BitPay services?

25 **A.** So some of our most notable merchants, Microsoft uses us for

1 users who want to add money to their Xbox game account. AT&T uses  
2 us if you want to pay your cell phone bill, you can do that with  
3 crypto. WeWork, which is a co-working space, supports us. So if  
4 you rent space in WeWork, you can pay with cryptocurrency. We  
5 have hundreds, if not thousands, of merchants on our platform.

6 **Q.** In roughly 2017, 2018 what was your role with BitPay?

7 **A.** I was still the co-founder. And my title was also executive  
8 chairman.

9 **Q.** Do you have a similar role and similar responsibilities today?

10 **A.** I am still on the board, but I'm no longer executive chairman.  
11 But I'm still the co-founder of the company, yes.

12 **Q.** Did there come a time in your work at BitPay that you came to  
13 meet Ryan Felton?

14 **A.** Yes.

15 **Q.** Can you tell us a little bit about that.

16 **A.** Yes. So I was introduced to Ryan Felton by some people on our  
17 marketing team. This was 2014. So BitPay had a project where we  
18 needed to produce two television commercials that were going to  
19 air nationwide on ESPN. And we did not have the technical  
20 capability in-house as a software company to produce TV  
21 commercials. So our marketing team looked around Atlanta at some  
22 people that might be able to help us to produce that. We received  
23 a proposal from Felton Interactive Group, which I believe was  
24 owned by Ryan Felton.

25 We got multiple proposals. We picked him. He actually had a

1 little bit of knowledge about Bitcoin, so his response and his  
2 ideas were better than the other parties. So that was how we met.  
3 And we gave him the contract and the award to produce the  
4 commercials.

5 **Q.** When were those commercials produced?

6 **A.** In the fall of 2014.

7 **Q.** Were you happy with the work on those commercials?

8 **A.** Yes. We were happy.

9 **Q.** Did you ever meet him in person?

10 **A.** Yes, I did.

11 **Q.** How many times did you meet him?

12 **A.** Maybe once or twice. I do recall attending one of the  
13 production days where we were doing some filming. So I was there  
14 with him and his film crew and the talent filming one of the  
15 commercials.

16 **Q.** Now, after the filming of those commercials in 2014, when was  
17 the next time you had contact with him?

18 **A.** The next contact would be 2017, I believe.

19 **Q.** And how did that come about?

20 **A.** I recall Ryan reaching out to me. He had an idea for a  
21 cryptocurrency project. He remembered that I was working with  
22 Bitcoin, and he wanted to ask what I thought of his idea.

23 **Q.** What did he tell you about that idea?

24 **A.** Well, the idea was for a video streaming platform, you know,  
25 that was -- he wanted to compete with NetFlix, which I think is a



1 name and service that we're all familiar with. He had some idea  
2 on things that he could do better than NetFlix was doing,  
3 particularly for people who are producing content. So he wanted  
4 to make a video streaming service where you can just buy an  
5 individual movie instead of having to have a subscription. That  
6 probably is -- I thought that was a good idea. He also wanted to  
7 pay royalties and be more friendly to content producers. I also  
8 thought that was a good idea.

9 **Q.** So overall what was your reaction when he gave you this pitch  
10 for the company?

11 **A.** Overall, I thought it was a good idea. But at the time it was  
12 just an idea.

13 **Q.** Was there a name for that project?

14 **A.** Yes. I believe it was called FLiK, F-L-I-K.

15 **Q.** And if FLiK had become a successful streaming platform, would  
16 that have been something that could have been potentially valuable  
17 for BitPay?

18 **A.** It could have. If it became an operating platform, then  
19 BitPay potentially could have signed up FLiK as a customer and  
20 allow people to rent or buy movies using Bitcoin, and BitPay could  
21 have been the processor for that operation. Yes.

22 **Q.** What, if anything, did Ryan Felton ask you to do in connection  
23 with FLiK?

24 **A.** So I recall him asking me to be an advisor for the project.

25 **Q.** And did you agree to be an advisor?

1 A. Yes, I did.

2 Q. I'm going to show you what's been marked for identification as  
3 Government Exhibit 32.

4 Mr. Gallippi, do you recognize what that is?

5 A. Yes.

6 Q. What is it?

7 A. This is an advisory board agreement between myself and FLiK.

8 MR. KITCHENS: The government offers for admission  
9 Exhibit 32.

10 MR. LOWTHER: No objection.

11 THE COURT: It's admitted.

12 MR. KITCHENS: Ms. Etienne, can we please pull up, I  
13 guess, the first page of Exhibit 32 first.

14 BY MR. KITCHENS:

15 Q. This is entitled -- what is the title for this document?

16 A. The title is "FLiK Advisory Board Agreement."

17 MR. KITCHENS: And then briefly, Ms. Etienne, can we  
18 look at the third page.

19 Q. Is this something that you signed?

20 A. Yes.

21 Q. And what was the date that you signed this agreement?

22 A. August 17th, 2017.

23 Q. Was this before the coin offering for FLiK?

24 A. It was before I purchased tokens, but I don't know when the  
25 tokens were created or when the token offering started.

1 Q. Okay.

2 MR. KITCHENS: Let's go back to the first page of this,  
3 please, Ms. Etienne. Now, I want to look first -- can we pull up  
4 the first paragraph for services.

5 Q. Okay. Mr. Gallippi, what were you agreeing to provide as part  
6 of this advisory board agreement?

7 A. Yeah. I understood it that I was basically on-call to act as  
8 an advisor where Ryan would be able to ask me questions as it  
9 relates to Bitcoin and block-related technologies. You know, my  
10 experience with him -- he had experience in the film industry,  
11 which is something that I don't really know anything about, but I  
12 was familiar with Bitcoin and software, and so if he had questions  
13 as it relates to this area, I could be, you know, on-call and  
14 available to help.

15 MR. KITCHENS: Ms. Etienne, can we bring up the next  
16 paragraph, paragraph 2.

17 Q. All right. Under the agreement, Mr. Gallippi, what were you  
18 supposed to be paid in return for your services?

19 A. So according to this clause, I should have received one half  
20 of 1 percent of the Ethereum or ether funds raised from the  
21 company's token sale.

22 Q. With that token sale -- we'll talk about that more in just a  
23 minute, but did you have any role itself in promoting the token  
24 sale?

25 A. No, I did not.

1 MR. KITCHENS: Can we go to paragraph 5, please, and  
2 look at that language.

3 Q. The title of this is "Independent Contractor." What was your  
4 understanding of what this paragraph provided?

5 A. So I understood this to be pretty standard where as an advisor  
6 I'm not an employee of the company, I don't work for the company.  
7 I'm not allowed to make decisions or act on behalf of the company.  
8 I'm basically just on-call where they can ask me advice and I can  
9 provide that advice.

10 Q. Were you going to have any operational role at all with FLiK?

11 A. No.

12 MR. KITCHENS: We can take this down.

13 Q. After you signed this advisory agreement, did FLiK make a  
14 statement about your role as an advisor?

15 A. Yes. I believe they made a blog post announcing my role as an  
16 advisor.

17 MR. KITCHENS: Ms. Etienne, can we please bring up  
18 Government Exhibit 12. If we can look at, I think, page three of  
19 this. Great. Okay. Really small type. Let's see if we can just  
20 bring up that first page and just kind of focus at the top part.  
21 Hopefully that helps a little bit.

22 THE WITNESS: Yes.

23 MR. KITCHENS: I'm sorry, Ms. Etienne. I think it's  
24 cutting off. Can we see a little bit more on the left side. I  
25 just want to try to see if we can get the full date in there. It

1 may be a little tough to see.

2 BY MR. KITCHENS:

3 Q. So looking at the top, right below the headline, do you see  
4 the date of that post?

5 A. Yes.

6 Q. Is it that same date that you signed the advisory agreement?

7 A. Yes. Looks like August 17th, 2017.

8 Q. And did you review this blog post?

9 A. I reviewed the written context of the blog post via e-mail  
10 communication with Felton and I -- can I take a moment to read  
11 this?

12 Q. Of course, please.

13 A. So, yeah. The second -- I guess the third paragraph, that  
14 is my quote. It starts, Ryan's vision for FLiK is exactly what  
15 the entertainment industry needs. That paragraph I did approve by  
16 e-mail.

17 And then the -- about -- the biographical information about  
18 myself and BitPay, yeah, that looks similar to what I had approved  
19 by e-mail.

20 Q. Did this post accurately reflect your understanding of what  
21 your role was going to be with FLiK?

22 A. Yeah. Reading the first paragraph, Tony has accepted our  
23 invitation to join our advisory board and share his keen insight.

24 Yeah. That's consistent with what I expected my role to be as  
25 an advisor. Yeah.

1 MR. KITCHENS: We can take this down, Ms. Etienne.

2 Q. Let's talk a little bit about that token sale itself.

3 How was it that Ryan Felton chose to try to raise money for  
4 the FLiK project?

5 A. Well, he had mentioned to me that he had, you know, investors  
6 interested in investing in the project. And I'm not sure if he  
7 raised traditional funds from friends and family or other  
8 investors, but he did also want to do a token sale. So he wanted  
9 to create a token on the Ethereum network and offer that for sale  
10 to potential customers.

11 Q. And if you were interested in participating in the token sale,  
12 was that something that you could purchase directly from the  
13 company?

14 A. Yes. I believe they were selling the tokens on their website.

15 Q. And, in general, just for people that don't know about what a  
16 token sale or an initial coin offering is, could you tell us a  
17 little bit about your understanding of what that is?

18 A. Yeah. So the Ethereum network is a little bit different than  
19 the Bitcoin network in that on the Bitcoin network you can only  
20 have one asset, which is Bitcoin. On the Ethereum network there's  
21 more capabilities where you can create other assets and individual  
22 tokens. There's a standard for those. It's called an ERC20  
23 token, but there's probably thousands of these now and they all  
24 use the same technical infrastructure.

25 So as a creator you can create the tokens. And then anyone

1 can purchase them and then they're attached to their Ethereum  
2 address.

3 **Q.** Did you actually purchase any FLiK tokens as part of that  
4 initial coin offering?

5 **A.** Yes, I did.

6 **Q.** Can you walk us through the mechanics of how you purchased  
7 those FLiK tokens?

8 **A.** Yes. I believe I went to the FLiK website and you can  
9 purchase those using cryptocurrency such as Ethereum.

10 **Q.** When you went to the website, did it ask any identifying  
11 information about you?

12 **A.** I don't recall.

13 **Q.** Do you recall if it asked any information about your location?

14 **A.** I don't recall.

15 **Q.** I'm going to show you what's been marked as Government  
16 Exhibit 33.

17 Mr. Gallippi, do you recognize that document?

18 **A.** Yes, I do. This is a printout of an e-mail that I had with  
19 Ryan Felton.

20 MR. KITCHENS: We offer for admission Government  
21 Exhibit 33.

22 MR. LOWTHER: No objection.

23 THE COURT: It's admitted.

24 MR. KITCHENS: Ms. Etienne, can we bring that up.  
25 Thanks.

1 BY MR. KITCHENS:

2 Q. Let's start with your e-mail at the bottom. What are you  
3 telling Ryan Felton in your e-mail?

4 A. So this is on August 21st, 2017, in the morning. I basically  
5 told Ryan that I purchased ten tokens to test the process. And  
6 then I asked him if he talked to any wallet advisors to add  
7 support. You know, I purchased the tokens using a wallet called  
8 Jaxx, which is an Ethereum wallet. Jaxx is capable of displaying  
9 your ERC20 tokens. But at the time the engineering team at Jaxx  
10 had to add specific support for every token.

11 (Clarification by the court reporter)

12 BY MR. KITCHENS:

13 Q. You were saying, I think, at the time if you wanted to add a  
14 new wallet provider, what steps would you have to take?

15 A. Sure. So at the time that the Jaxx wallet, which -- what I  
16 was using, had the capability to display your ERC20 tokens, but  
17 the engineering team at Jaxx actually had to write code for every  
18 specific token they wanted their users to have visibility for.

19 So even though I had purchased ten tokens, I could not see  
20 them in my wallet. So I asked Ryan if there are any wallets that  
21 he was speaking with that did have support where a person like  
22 myself who purchased tokens can actually see their tokens.

23 Q. Okay.

24 MR. KITCHENS: And, Ms. Etienne, if we can look --  
25 that's great. Right there.



1 Q. What was the response from Ryan Felton?

2 A. So Ryan's response was the same day. Looks about two hours  
3 later. I've reached out to Jaxx but haven't heard back yet. It  
4 would be great if we could implement with them.

5 Q. And as a result of this, did you take any steps to reach out  
6 to Jaxx?

7 A. Yes, I did. I knew two people who were either working at Jaxx  
8 or affiliated with Jaxx. And I did reach out to them.

9 Q. And what did you do when you reached out to them?

10 A. Well, I just asked the people that I knew, you know, what is  
11 the process to add, you know, another ERC20 to their list because  
12 they were getting lots of requests from people with similar  
13 requests. And one person at Jaxx did respond to me.

14 Q. Did you have any prolonged communications with Jaxx about  
15 FLiK?

16 A. No. I introduced Ryan to the person who responded to me. And  
17 I believe they spoke. So, yeah, I made the introduction.

18 Q. Beyond that -- and was that introduction, was it shortly after  
19 this August 21st e-mail?

20 A. I believe so, yes.

21 Q. Beyond that introduction, did you do anything else to assist  
22 with Jaxx or integration with any other wallets?

23 A. No, I don't believe so.

24 Q. Did you buy any additional FLiK tokens during the ICO?

25 A. Yeah. I bought 90 more tokens sometime in September of 2017.

1 MR. KITCHENS: Ms. Etienne, we can bring this down at  
2 this point. Thank you.

3 Q. Did you provide Mr. Felton with any advice during the ICO  
4 itself?

5 A. No. I provided no advice other than the introduction to the  
6 wallet.

7 Q. The one introductory e-mail?

8 A. Yes.

9 Q. Were you aware of the fact that FLiK during this time had an  
10 official channel on the service Telegram?

11 A. No, I did not know that.

12 Q. Have you heard of Telegram?

13 A. Yes, I have.

14 Q. What's your understanding of what Telegram is?

15 A. I understand it to be a messaging application.

16 Q. And I assume you did not see the FLiK Telegram channel at the  
17 time?

18 A. No, I did not.

19 Q. I'm going to show you what's been marked as Government Exhibit  
20 22-A.

21 MR. KITCHENS: And, your Honor, this is just an excerpt  
22 of Exhibit 22 that was previously admitted yesterday. So I'll go  
23 ahead and just offer for admission 22-A.

24 MR. LOWTHER: No objection.

25 THE COURT: It's admitted. Oh, just for clarity

1 purposes, though, we already have a 22, dash, A, don't we?

2 MR. KITCHENS: My apologies. This is 22, dash, A. It  
3 should be the same document.

4 THE COURT: Was that not admitted yesterday?

5 MR. KITCHENS: I thought we just admitted 22 and 23. So  
6 I think the excerpts we haven't technically moved to admit.  
7 They're all excerpts of those documents that were previously  
8 admitted.

9 THE COURT: What do you have, Ms. Oduka?

10 COURTROOM DEPUTY CLERK: I have 22 and 23 were admitted  
11 yesterday.

12 THE COURT: But not the A through --

13 COURTROOM DEPUTY CLERK: No.

14 THE COURT: Thank you.

15 MR. KITCHENS: Okay. Ms. Etienne, can you please bring  
16 up the second page of Exhibit 22-A. Great.

17 BY MR. KITCHENS:

18 Q. I want to point your attention to -- if you look in the  
19 middle --

20 MR. KITCHENS: Ms. Etienne, can you please kind of bring  
21 up the middle of this page, the 7:48 post and the 7:49 post.  
22 Perfect.

23 Q. Looking at the 7:48 post, it looks like there's a question,  
24 When will we be able to trade FLiK tokens and what are the  
25 exchanges?

1 And you see there's a response from Ryan Felton. What was  
2 that response?

3 **A.** You want me to read the response?

4 **Q.** Sure.

5 **A.** It says, We are working on that now. Tony Gallippi, the  
6 chairman of BitPay, is on our advisory board and is handling that  
7 for us.

8 **Q.** Mr. Gallippi, were you working on getting FLiK listed on any  
9 exchange?

10 **A.** No, I was not.

11 **Q.** Was this statement accurate?

12 **A.** Well, there's multiple parts to that. "The chairman of  
13 BitPay," that is accurate, that's my accurate title. "Is on our  
14 advisory board," that is accurate. But the "is handling that for  
15 us," I would say that is not accurate.

16 **Q.** Did you have a discussion with Ryan Felton that you would be  
17 working to try to get FLiK listed on an exchange?

18 **A.** I don't recall. No.

19 **Q.** Did you see this post at the time?

20 **A.** No. I don't recall.

21 **Q.** And if you had been aware of this post at the time, what would  
22 you have done?

23 **A.** If I had been aware of it, I probably would have reached out  
24 to Ryan to clarify or -- you know, I considered myself on call as  
25 an advisor. If there's specific help with an exchange that he

1 needs, you know, I would ask, Well, do you need my help?

2 Q. And did he ever ask for help with an exchange?

3 A. I don't recall.

4 MR. KITCHENS: We can take this down.

5 Q. Did you also see during the ICO or after the ICO any post by  
6 Ryan Felton on social media regarding FLiK?

7 A. Yeah. Vaguely. I believe he was actively promoting the  
8 project on social media. Yeah.

9 Q. And as part of this promotion, the active promotion of FLiK on  
10 social media, did he tag your name?

11 A. Yes, I believe he tagged my name.

12 Q. What was your reaction to him tagging your name while he was  
13 actively promoting FLiK?

14 A. I believe I reached out to Ryan, asked him to stop tagging me  
15 on Twitter.

16 Q. In general, how, if at all, did Mr. Felton's active promotion  
17 of FLiK during the ICO differ from what you expected based on your  
18 conversations with Mr. Felton before the ICO?

19 A. Well, I didn't see every post that Ryan made. But certainly  
20 the way I understood the project, you know, is that the tokens  
21 could be used in the future to either buy or rent a movie from the  
22 platform. And that by buying the tokens now before the platform  
23 was built, you're basically getting a preconstruction discount.  
24 Much like you would get for houses or anything else that you buy  
25 preconstruction; you're getting a discount but you're going to

1 have to wait a long time to potentially use the tokens. And so  
2 that was my understanding of how the tokens were to be used.

3 I had asked Ryan, you know, about the utility of the tokens.  
4 And that was his response. But if there were any posts where Ryan  
5 is promoting the token as an investment opportunity, you know, I  
6 don't recall any specific posts but that would not be consistent  
7 with the way that I understood the tokens to be used.

8 **Q.** Did that raise any concerns for you personally?

9 **A.** Yes.

10 **Q.** Do you remember, did you express any of those concerns to  
11 Mr. Felton?

12 **A.** Well, I had inquired -- before I signed the agreement, I had  
13 asked them about, you know, what is the token going to be used  
14 for? And he responded that the tokens could be used to rent  
15 movies.

16 **Q.** Let's talk about your actual work for FLiK. We mentioned this  
17 one communication you had where you made an introduction to Jaxx  
18 right around August 21st of 2017, correct?

19 **A.** Yes.

20 **Q.** Did you perform any advisory work for FLiK?

21 **A.** I would consider that an advisory work.

22 **Q.** Sure.

23 **A.** I advised him with an introduction to something that could  
24 help. But other than that, no, I don't recall any other advisory  
25 work.

1 Q. Were you aware of any other advisor that was part of this  
2 advisory board?

3 A. I never met -- the advisory board never met as a group. I  
4 know that Ryan was actively speaking to a lot of other people. I  
5 don't know who else was an advisor on the project, though.

6 Q. Did he ever talk to you and mention any other advisor that was  
7 part of this advisory board?

8 A. He mentioned that he had a musical artist that was going to be  
9 involved. I don't know if that person was an advisor or an  
10 investor or some other way of participating.

11 Q. Did an advisory board ever meet for FLiK?

12 A. No.

13 Q. And after that August 21st, roughly, 2017, introduction, did  
14 he ever ask you for any advice related to FLiK?

15 A. I don't recall. I don't recall any other advice. No.

16 Q. Did Mr. Felton ever pay you anything in connection with FLiK?

17 A. No.

18 Q. And under your agreement that we covered, were you entitled to  
19 a portion of whatever was raised in the ICO?

20 A. Yes. It says, I shall receive one half of 1 percent of the  
21 Ethereum funds raised. So, yeah, I suppose so.

22 Q. Did you ever receive anything from Ryan Felton?

23 A. No.

24 Q. When was your last contact with Ryan Felton?

25 A. I believe the last contact was in 2017.

1 Q. At that time had FLiK launched?

2 A. No.

3 Q. What happened to your investment in FLiK?

4 A. Well, I purchased a total of 100 tokens. I believe they were  
5 about 40 or 50 cents at the time, so it was about a \$50  
6 investment. I still have the tokens, although I don't think  
7 they're worth anything. But, yeah. So it's -- I still own the  
8 tokens.

9 MR. KITCHENS: Thank you.

10 THE WITNESS: Okay.

11 CROSS-EXAMINATION

12 BY MR. LOWTHER:

13 Q. Good morning, Mr. Gallippi.

14 A. Good morning.

15 Q. My name is Joshua Lowther, and I represent Mr. Felton.

16 A. Okay.

17 Q. So Mr. Felton asked you to -- he didn't ask you to promote  
18 FLiK; he asked you to be an advisor?

19 A. That is correct.

20 Q. And, again, you testified that you had interacted with him in  
21 2014 where he produced certain commercials for you?

22 A. Correct.

23 Q. And that was an all-around positive experience generally?

24 A. Correct.

25 Q. Which is why he was able to reach you in 2017?



1 A. Correct.

2 Q. So FLiK, again, was a concept at this point? In other words,  
3 it wasn't an entity, it wasn't an ongoing thing, it was just a  
4 concept, This is the idea that I want to create, correct?

5 A. Correct.

6 Q. And you said that Mr. Felton had a pretty good knowledge of  
7 cryptocurrency to your understanding?

8 A. Yes.

9 Q. And then he explained to you obviously what he intended FLiK  
10 to do if it reached development?

11 A. Correct.

12 Q. And then you thought that BitPay and FLiK would probably work  
13 well together if that came to fruition, correct?

14 A. Correct.

15 Q. Which, obviously, is why you agreed to become an advisor?

16 A. Yes.

17 Q. So you signed this advisement contract, correct?

18 A. Correct.

19 Q. And you said that you were to be paid a percentage of the  
20 initial coin offering?

21 A. Correct.

22 Q. And you were never paid?

23 A. No, I was never paid.

24 Q. But Mr. Felton never taxed your time asking for information,  
25 either, other than the question about the Jaxx exchange, correct,

1 wallet?

2 **A.** Correct. That's really the only time I would say that I  
3 provided advisory services, was making the introduction to the  
4 wallet.

5 **Q.** Right. And you mentioned the blog post actually that the  
6 government showed you. So the blog post said, Mr. Gallippi is now  
7 on our advisory board. That was posted the same day that you  
8 signed the contract?

9 **A.** Yes.

10 **Q.** So it's fair to say BitPay is a leader in the industry?

11 **A.** Yes.

12 **Q.** So it wouldn't be surprising that Mr. Felton would want to put  
13 that blog the same day that he actually solidified that agreement,  
14 would you agree? Is that fair?

15 **A.** Yeah, that's a fair statement.

16 **Q.** And you never actually contacted Mr. Felton about any concerns  
17 that you had, correct?

18 **A.** One minor concern. So I had approved the quote in the bio  
19 that was used in the blog post. He had put a picture on the blog  
20 post of me. I -- that was an old picture, so I do believe I asked  
21 Ryan if he could change the picture to a newer one.

22 **Q.** Fair enough.

23 **A.** I didn't know he was going to use the picture but...

24 **Q.** And he didn't correct that?

25 **A.** I believe so, yes.

1 Q. As far as any of the concerns you had about the promotional  
2 material, you didn't contact him about that, correct?

3 A. No, I don't believe so.

4 MR. LOWTHER: Thank you, Mr. Gallippi.

5 THE COURT: Any redirect?

6 MR. KITCHENS: No further questions, your Honor.

7 THE COURT: Sir, you can step down. Thank you.

8 MR. KITCHENS: Is the witness dismissed?

9 MR. LOWTHER: Yes.

10 THE COURT: Very well.

11 (Witness excused)

12 THE COURT: Please call your next witness.

13 MR. KITCHENS: Government calls Niek Hortsman.

14 THE COURT: Good morning.

15 MR. HORTSMAN: Good morning.

16 COURTROOM DEPUTY CLERK: Would you remain standing and  
17 raise your right hand.

18

19 \_\_\_\_\_  
NIEK HORTSMAN

20 a witness herein, being first duly sworn,

21 was examined and testified as follows:

22

23 \_\_\_\_\_

24 COURTROOM DEPUTY CLERK: Thank you. You can be seated.

25 THE WITNESS: Thank you.

DIRECT EXAMINATION

BY MR. KITCHENS:

Q. Good morning, Mr. Hortsman.

A. Good morning.

Q. You may remove your mask.

A. Sorry.

Q. Mr. Hortsman, where do you currently live?

A. I live in Wijhe in the Netherlands.

Q. In the Netherlands?

A. Yes.

Q. Where were you born?

A. Zwolle, also in the Netherlands.

Q. And have you lived in the Netherlands all your life?

A. Yes.

Q. Can you tell us a little bit about your education.

A. I studied pre-university, I went to pre-university. After that I studied financial service management. It's like a study for working at banks, insurances, loans, stocks, that kind of things.

Q. And where was it where you were working -- where you were doing the financial work?

A. ABN AMRO Bank.

Q. ABN AMRO, is that correct?

A. Yes. Now I work for myself, but during the time I was working for ABN AMRO.

1 Q. You say you work for yourself. Can you tell us a little bit  
2 more about that?

3 A. Yeah. I do mostly E-commerce coaching. So I help people how  
4 to start their website, how to register a business, and how to  
5 sell products online mostly through Zoom coachings.

6 Q. Do you yourself sell products?

7 A. Not anymore. I did for a few years, but at this time not. We  
8 do sell nutrition products, like nutrition, but we sell from  
9 business to business.

10 Q. And how long have you had this company?

11 A. I've been involved for two years. And I'm currently in the  
12 process of taking over shares.

13 Q. Now, have you at any point ever invested in cryptocurrency?

14 A. Yes.

15 Q. Can you tell us, how did you first really become aware or  
16 become interested in cryptocurrency?

17 A. Let's get back to 2015. At my school there was a presentation  
18 about Bitcoin. At that time it was still -- it had a narrative  
19 about drug dealers, et cetera, so I didn't took it seriously. At  
20 that time I was already trading 4x stocks, et cetera, on the  
21 phone. And I saw the volatility of Bitcoin. So it took my  
22 interest again in 2016.

23 Then I bought my first Bitcoins at \$600. I sold them at \$800.  
24 Still didn't take it seriously.

25 Later in 2017, April, I was working at ABN AMRO and a

1 colleague of mine showed me all the crypto things he was doing.  
2 And then I dugged into it. And my background in the financial  
3 industry, I already knew like the Fed was printing too much money,  
4 the ECB was printing too much money. So then it got me real  
5 interested in Bitcoin and all cryptocurrencies. And so that's  
6 when I digged in.

7 **Q.** Okay. So let me just try to break that down a little bit.

8 Did you basically do some, you know, dabbling, minor investing  
9 in Bitcoin while you were studying in college?

10 **A.** Yep.

11 **Q.** Then after that, you spoke with a colleague at ABN AMRO, the  
12 financial company where you worked?

13 **A.** Yep.

14 **Q.** And you mentioned that the Fed was printing too much money.  
15 Do you mean --

16 **A.** In my opinion.

17 **Q.** Okay. So in your opinion what was your concern about, I  
18 guess, the US dollar at that point?

19 **A.** My concern is that the US dollar just loses too much value  
20 every year. And, yeah, the ECB just does -- follows the Fed, so  
21 for my euros also gets down in value.

22 **Q.** How did you view cryptocurrency as sort of an investment with  
23 that in mind?

24 **A.** Cryptocurrency is like, yeah, a solid investment for the long  
25 term. If they keep printing money, you can print Bitcoins. It's

1 a very -- it's getting -- the world is getting more digital, more  
2 international. So in that way Bitcoin was in my opinion a good  
3 investment.

4 **Q.** Now, did you invest in other types of cryptocurrency than  
5 Bitcoin?

6 **A.** Yes.

7 **Q.** How did you determine what types of cryptocurrency to invest  
8 in?

9 **A.** I had a whole Excel sheet with numbers I write them. For  
10 example, I was looking at the team, do they have experience, do  
11 they --

12 (Clarification by the court reporter)

13 BY MR. KITCHENS:

14 **Q.** Mr. Hortsman, it may help if you speak a little closer to the  
15 microphone.

16 **A.** I will.

17 **Q.** I think that will pick up a little bit with the court  
18 reporter.

19 **A.** Yep. So I look at the team. What's their experience, are  
20 they new in the industry.

21 I looked at their partnerships. Do they have partnerships.

22 I look at the supply of the token. What's the utility of the  
23 token. Do they need a token or is it just a token to create a  
24 token? Yeah, that kind of things.

25 **Q.** Where would you read about this to try to learn information

1 about the team, how they were going to use the token, what they  
2 were going to raise with the token?

3 **A.** It's like a loophole [sic]. Mostly it starts with Twitter.  
4 We call it Crypto Twitter. It's just Twitter for crypto.

5 So you start on Twitter. And then you see interesting things  
6 popping up. When you see that, you go to the Telegram groups, you  
7 go to their website, you read their whitepaper. You just dig  
8 deeper into what they are doing and who they are.

9 **Q.** At some point when you were doing your research, did you learn  
10 about a company called FLiK?

11 **A.** Yes.

12 **Q.** When did you first hear about FLiK?

13 **A.** It was in 2017, like September.

14 **Q.** And how did you first learn about it?

15 **A.** Twitter.

16 **Q.** Do you remember, you know, what Twitter account that you first  
17 read about this?

18 **A.** Yeah. It was a Twitter account. I don't remember the Twitter  
19 account. But people were talking about FLiK on Twitter. And then  
20 I went in the loophole. So I went to the FLiK Twitter account, I  
21 went to the FLiK website, the FLiK Telegram, et cetera.

22 **Q.** What was it that interested you about FLiK?

23 **A.** The interesting thing was that it was NetFlix on the  
24 blockchain, so that interested me. And besides that, Mr. Felton  
25 had, it seemed to me, a lot of experience in the film industry.



1 We had TI, who had experience in like licensing content. And  
2 Mr. Gallippi with a lot of experience in the crypto industry.

3 Q. And at the time you were interested in it, were you looking --  
4 what was the primary reason why you were interested in -- were you  
5 interested in it in terms of holding it as an investment or using  
6 FLiK tokens on the platform?

7 A. My main goal was to hold it as an investment and later sell it  
8 on. But the other part is I get free films for the rest of my  
9 life, but that was not the main objective.

10 Q. Now, you mentioned some of the sources you read to learn more  
11 about FLiK. Can you tell us, just to make sure I have it all,  
12 really what you were checking at the time to learn more about it?

13 A. Telegram. Telegram FLiK. Instagram. Mr. Felton. The  
14 website of FLiK. Instagram of TI. Twitter of FLiK. Twitter of  
15 Mr. Felton. The ICO paper. Yeah, that kind of things.

16 Q. So let's look at some of these things.

17 MR. KITCHENS: First, can we bring up -- let's try to  
18 look at the website for FLiK itself. Can we bring up Government  
19 Exhibit 6, Ms. Etienne. Let's start by looking at the third --  
20 there we go.

21 Q. Looking at this, does this appear like the website that you  
22 saw?

23 A. Yeah. Yeah. A lot of background. Now it's blue but in  
24 general --

25 Q. Was it a different background when you saw it?

1 **A.** Yes.

2 **Q.** Was the content of this the same, appear to be the same as  
3 what you saw?

4 **A.** Yes.

5 **Q.** And what was -- the FLiK website was just something you  
6 could -- you view right on the Internet?

7 **A.** Yes.

8 MR. KITCHENS: Let's try to go to the fourth page of  
9 this document. There we go. And can we blow up this bottom part.  
10 Thank you, Ms. Etienne.

11 **Q.** All right. Did the FLiK website, did it provide bios for  
12 people who were part of the FLiK team?

13 **A.** Yes.

14 **Q.** And who was the first person identified as being part of the  
15 FLiK team?

16 **A.** Mr. Felton.

17 **Q.** Had you heard of Ryan Felton before this?

18 **A.** Nope.

19 **Q.** Based on the bio that was provided on the FLiK website, what  
20 was your impression of Mr. Felton?

21 **A.** My impression was that he was a serious businessman with  
22 already proven history of being successful in business.

23 MR. KITCHENS: Ms. Etienne, can we please look at the  
24 next page and the next bio. Thank you.

25 **Q.** Mr. Hortsman, had you heard of TI?

1 A. Yes.

2 Q. What did you know about TI?

3 A. Yeah, we know him from the number, you can have "Whatever You  
4 Like."

5 Q. Was that popular in the Netherlands?

6 A. It was popular, yes.

7 Q. And based on this post, what did you assume his title would be  
8 with FLiK?

9 A. Based on this post, I assumed that like most rappers start off  
10 with rapping, and then they have some money and get serious in  
11 business. So I assumed that he was the co-owner of FLiK, and,  
12 yeah, was getting used to licensing content, that kind of stuff.  
13 Because his name is bigger, it just opens doors.

14 Q. What was your reaction with that thought that he may open  
15 doors for FLiK?

16 A. It adds up to thinking it's a good investment.

17 Q. Was that something that was important to your decision to buy  
18 if TI was a co-owner of FLiK?

19 A. Yes.

20 MR. KITCHENS: Ms. Etienne, can we please look at the  
21 next bio on the following page, page 6. There we go.

22 Q. Mr. Hortsman, had you heard of Mr. Gallippi before this?

23 A. Yes.

24 Q. What did you know about him?

25 A. I knew he was the owner of BitPay, the payment processing

1 platform for Bitcoin placements.

2 **Q.** What did you know about BitPay?

3 **A.** Like for a retailer to accept Bitcoin, it's difficult because  
4 how do you get it in the books? And BitPay just processes Bitcoin  
5 payments and the retailer gets dollars.

6 **Q.** Was BitPay a well-known company in the cryptocurrency world?

7 **A.** Yes. Not a well-known company in general, but in the crypto  
8 industry it's a well-known company.

9 **Q.** What was your reaction to -- first, what was his -- what did  
10 this post indicate was going to be his role with the company?

11 **A.** He was on the advisory board.

12 **Q.** What was your reaction to Mr. Gallippi being on an advisory  
13 board for FLiK?

14 **A.** Wow. He got the crypto brains and connections.

15 **Q.** And based on this, did you assume he would play an active role  
16 as an advisor for FLiK?

17 **A.** Yes.

18 **Q.** Was that something that was important for your decision to  
19 buy?

20 **A.** Yes.

21 MR. KITCHENS: Ms. Etienne, if we can kind of scroll up  
22 to the very top, that first page again, of the website. Blow up  
23 just that first section, FLiK Entertainment. That's perfect.  
24 Thanks.

25 **Q.** When you visited the website, did it also provide links to

1 other documents?

2 **A.** Yes.

3 **Q.** What did it provide a link to?

4 **A.** It provided a link to the whitepaper and it provided a link to  
5 buy -- how to buy FLiK tokens.

6 **Q.** What is a whitepaper?

7 **A.** A whitepaper is like a document. You can see it in a  
8 start-up. What is the start-up trying to reach? What are they  
9 going to use the funds for? Why are they raising funds? And what  
10 their vision is and how they're going to achieve it.

11 **Q.** Is that something you review when you're determining whether  
12 to purchase a particular cryptocurrency?

13 **A.** Yes.

14 **Q.** And did you, in fact, read the FLiK whitepaper?

15 **A.** Yes.

16 MR. KITCHENS: Let's please look at Government  
17 Exhibit 7. I want to try to go to the fourth page of Exhibit 7,  
18 please.

19 If we look at the very bottom where it says "objective"  
20 on page -- that's right.

21 **Q.** Okay. Mr. Hortsman, what did you understand really was --  
22 based on the whitepaper, what FLiK was going to be?

23 **A.** FLiK was going to be like a Netflix on the blockchain. And  
24 the thing is filmmakers normally only get a one-time payment. And  
25 with FLiK, they would get rewarded depending on the success of how

1 much their movies, series, et cetera, gets viewed.

2 **Q.** Looking at the second sentence of this objective section of  
3 the whitepaper, what did it state about the status of the online  
4 viewing platform?

5 **A.** They were currently working with creators to identify  
6 qualified entertainment projects to fund. And they were currently  
7 in the process to create online viewing platform.

8 **Q.** To actually create the platform itself?

9 **A.** Yes.

10 **Q.** Based on your review of the whitepaper, did you think that an  
11 online platform was actively being developed?

12 **A.** Yes.

13 MR. KITCHENS: Now, if we can please look at the 11th  
14 page of this, Ms. Etienne. Let's try to bring up the "use of  
15 funds section" in the middle.

16 **Q.** Mr. Hortsman, what did you think FLiK was going to do with  
17 anything it raised during that initial coin offering?

18 **A.** Exactly what's stated here: 50 percent will be used for  
19 licensed content from major studies, 25 percent will be used to  
20 fund unique and creative film projects, 15 percent will be used  
21 for marketing and promotion of the FLiK platform, and 10 percent  
22 will be used for the implementation of original viewing platforms.

23 **Q.** Is this something that was important to your decision to  
24 invest?

25 **A.** Yes, of course.

1 Q. Why was that?

2 A. Yeah. You have to know what they're going to do with the  
3 funds.

4 MR. KITCHENS: Now, if we look right above that, can we  
5 bring up the -- no problem. I think that was page 11,  
6 Ms. Etienne. Great. The about the crowd sale, let's try to bring  
7 that up.

8 Q. What I want to focus on here is that last sentence that's in  
9 bold. Did you have an understanding of what it meant when there  
10 was a statement that "all unsold tokens will be burned"?

11 A. Yes.

12 Q. What was that understanding?

13 A. A burning is like a -- for example, you sell -- you're  
14 planning to sell 100 tokens, maybe you sell 80 of them, so you're  
15 left with 20 tokens. Those -- you don't want those unsold tokens  
16 in circulation, so you just put them on the address and burn them  
17 so they can't get used in the future.

18 Q. So what's the net effect of a burn of cryptocurrency tokens?

19 A. The fact is that there will be less in circulation. So, yeah.

20 Q. And if there's less of those coins in circulation, does that  
21 have an impact on the value of the cryptocurrency?

22 A. Yes, of course. Basic economics.

23 Q. And so what is the net effect of the reduction in supply of  
24 the cryptocurrencies on the value?

25 A. Less supply with equal demands means higher price.

1 Q. Was that something that was important for you as an investor?

2 A. Yes.

3 MR. KITCHENS: Now, if we look, finally, the last --  
4 kind of the section right below where it says "Important Update,"  
5 if we can bring that up.

6 Q. All right. What do you remember about this update?

7 A. I remember reading that and thinking, Well, good job. When  
8 someone is investing money in line with the SEC Rule 501(a), I was  
9 thinking, okay, someone else is taking this serious. And, B, I  
10 was thinking they're doing everything in compliance with the law.

11 Q. When you say, "they," who do you mean was doing things -- your  
12 understanding based on this, who was doing things in compliance  
13 with the --

14 A. "They," I mean the FLiK team, Mr. Felton, et cetera.

15 Q. Was that because there was a specific mention of the  
16 Securities and Exchange Commission Rule 501?

17 A. Yes.

18 Q. And so was this something when you read it, was it important  
19 to you as part of your decision to buy?

20 A. Yes. It adds up.

21 MR. KITCHENS: We can take this down.

22 Q. Now, in addition to the whitepaper and the statements on kind  
23 of the homepage of the website, did the website also occasionally  
24 have updates about the FLiK project?

25 A. Yes.



1 MR. KITCHENS: Can we please bring up Government  
2 Exhibit -- let's see. Bring up Government Exhibit 62. Can we  
3 kind of highlight just the central blog post in the middle.

4 Q. Okay. Is that a little clearer?

5 A. Yes.

6 Q. Do you remember reading this update?

7 A. Yes.

8 Q. What did this update -- how did you interpret this update  
9 about this roadmap for how the FLiK token would be used?

10 A. I interpreted it as at the beginning you would -- could redeem  
11 your FLiK tokens for just a movie rental to FLiK. And when the  
12 platform was getting built and we were getting more users, you  
13 could do more with one FLiK token. So in the end you could just  
14 have monthly subscription for one FLiK token.

15 And it didn't state it here but there were several statements  
16 made by the FLiK team that one subscription would equal \$14.99.  
17 So if you took basic economics, people can either buy a  
18 subscription for \$14.99 or they could buy one FLiK and pay with  
19 that.

20 So if the FLiK platform was successful and built, you would  
21 expect that the market, if the market were efficient, that one  
22 FLiK would equal \$15 in the end.

23 Q. So walking through each of these steps of the roadmap, just so  
24 I understand it, if we look at the first quarter of 2018, what  
25 it's stating, what does it say that a FLiK token could be redeemed

1 for?

2 **A.** FLiK tokens could be redeemed for movie rentals, movie  
3 purchases and monthly subscriptions.

4 **Q.** And so movie purchases, it says it's -- it could be redeemed  
5 for 2.5 FLiK?

6 **A.** Yes.

7 **Q.** If we look at the third quarter of 2018, so six months later  
8 roughly?

9 **A.** Yep.

10 **Q.** What was it stating that a FLiK token could be redeemed for?

11 **A.** For movie purchases on FLiK and for monthly subscriptions 1.5  
12 FLiK.

13 **Q.** So was it your understanding that already stating just in that  
14 six-month period that a FLiK token could be redeemed for more  
15 value?

16 **A.** Yes.

17 **Q.** What did that mean about the value of the FLiK token itself?

18 **A.** It would mean that the demand for FLiK tokens would go up and  
19 so should price.

20 **Q.** And if we look finally at the last step of this, the third  
21 quarter of 2019, is that roughly another six months down the road?

22 **A.** Yep.

23 **Q.** What does it say a FLiK token could be redeemed for at that  
24 point?

25 **A.** At that point FLiK tokens could be redeemed for monthly

1 subscriptions, just one FLiK.

2 Q. And was that -- based on what you said from statements you  
3 saw, what was your understanding for what the dollar value would  
4 be for that one FLiK token for an exchange for --

5 A. If the platform were successfully built and were good users,  
6 then one FLiK tokens would equal \$15.

7 Q. What was the date of this particular blog post on the website?

8 A. It was on the 16th of October.

9 Q. Of 2017?

10 A. 2017. Sorry. Yes.

11 Q. And when was your first purchase of FLiK tokens?

12 A. It was around that time. I don't know the exact date. You  
13 can put up my purchases.

14 Q. Okay. We'll show you that in a minute.

15 A. Yeah.

16 Q. Let me show you one more. And this is much further down the  
17 line.

18 MR. KITCHENS: Can we please bring up, Ms. Etienne,  
19 Exhibit 20. And let's -- great. Let's see if we can rotate that.  
20 And then we'll bring up the blog post.

21 Hang on one second.

22 (Pause in the proceedings)

23 MR. KITCHENS: Sorry about the technical difficulties.  
24 Ms. Oduka, can we switch to the Elmo.

25 BY MR. KITCHENS:

1 Q. Okay. So this is Exhibit 20. This will help so you don't  
2 have to read it sideways. What was the date of this post?

3 A. It was the 3rd of April 2018.

4 Q. Do you remember seeing this post?

5 A. Yes.

6 Q. What was your understanding of it?

7 A. Well, at that time the promise was that FLiK would be  
8 launching Q1 2018. So me and my friends were already thinking,  
9 well, it was pretty quiet on the FLiK side. So then this update  
10 come a few days too late. And they said they were sorry, we set a  
11 goal of launching the service during the first quarter. And then  
12 they explained why they are delayed but that the platform is still  
13 coming.

14 Q. I want to look at the second paragraph starting at the third  
15 sentence where it says, "However, we do have good news."

16 A. Yes.

17 Q. And then it says, The OTT, over the top, video streaming  
18 platform FLiK is deploying, is ready to go and has been tested and  
19 proven in real world production environments?

20 A. Yep.

21 Q. What did that mean to you?

22 A. To me it meant like -- because in the group people were  
23 anxious that it didn't go well. But there it says on the FLiK  
24 team itself that they do have good news, and they have been  
25 testing the platform for last several months and it's ready to go.

1 So to me it said like, okay, let go. I even bought more that day.

2 Q. So based on reading this post was it your understanding that  
3 the platform was ready to go?

4 A. Yes.

5 Q. And what did you -- in response you bought more FLiK tokens on  
6 this very day?

7 A. Yes.

8 Q. Why did you do that?

9 A. Because the token price was pretty low in my opinion if the  
10 platform will get built. So it had me confident enough that the  
11 platform was going to be there in a few month's time. And I still  
12 trusted the project.

13 Q. Now, in addition to posts on the website, I think you  
14 mentioned seeing social media as well?

15 A. Uh-huh (affirmative).

16 Q. Did you see posts from any celebrities in connection with  
17 FLiK?

18 A. Yes. We had TI. And we had Kevin Hart.

19 Q. We'll look at these just quickly.

20 MR. KITCHENS: Ms. Etienne, can you please bring up  
21 Government Exhibit 11.

22 Q. Do you remember seeing this post?

23 A. Yes.

24 Q. And how did you learn about this?

25 A. On Twitter. It was everywhere, Twitter and the FLiK groups.

1 MR. KITCHENS: Ms. Etienne, can we see just the top of  
2 this as well. I'm sorry. Is there more on the top of the screen?  
3 Never mind. I can dig it up another time.

4 Can we please bring up Government Exhibit 14.

5 Q. Did you see this post?

6 A. Yes.

7 Q. And how did you learn about it?

8 A. The same way, on Twitter. And it was also all -- in all FLiK  
9 chat groups.

10 Q. What was your reaction to seeing posts from TI and Kevin Hart?

11 A. Yeah, wow, they're both very famous and have a lot of  
12 connections in the business world.

13 Q. Were these types of posts -- what did it suggest to you about  
14 TI and Kevin Hart's connection with FLiK?

15 A. To me it suggested that TI was a co-owner. Kevin Hart at that  
16 point they were just in talks with becoming a co-owner.

17 Q. And was this important to your decision to buy FLiK?

18 A. Yes.

19 Q. Let's talk about -- let me show you just briefly --

20 MR. KITCHENS: Can we switch over to the -- thank you.

21 Q. So this is that Exhibit 11. Just look at the top of that post  
22 again. Was that the message that you remember seeing?

23 A. Yes.

24 Q. I think you also mentioned Telegram as one of the things that  
25 you saw?

1 A. Yes.

2 Q. Can you tell us, what is -- just in general what is Telegram?

3 A. Telegram is like a message chat app. Everybody knows  
4 WhatsApp. Telegram is more for international groups, group chats.  
5 Basically just -- it's just a message app.

6 Q. Was that something you had joined, Telegram, and were using it  
7 before FLiK came along?

8 A. Yes.

9 Q. Is that something that's used in kind of cryptocurrency  
10 research?

11 A. Yes. At that point every crypto project had the Telegram  
12 chat.

13 Q. When you're signing up for Telegram, do you have a particular  
14 username for your account?

15 A. Yes.

16 Q. And is it a single username that you use whatever message  
17 board you're --

18 A. Yep. Yep.

19 Q. And who is it that selects the username?

20 A. Sorry?

21 Q. Do you just -- do you personally when you're joining Telegram  
22 select your username?

23 A. Oh, yeah. When you're joining Telegram, you have to put in  
24 your username.

25 Q. Did you view the FLiK channel on Telegram?

1 A. Yes.

2 Q. Was it an official channel?

3 A. Yes.

4 Q. Did Ryan Felton participate in that official FLiK channel?

5 A. Yes.

6 Q. How often did he participate in it?

7 A. In the beginning, very often; like multiple times a day.

8 Later on, less and less often.

9 Q. What types of things did you see Mr. Felton claim on Telegram?

10 A. All kind of things. Answering questions from investors.

11 Telling us what the status of the platform was. Making deals

12 about licensing content, what the status is. How FLiK tokens

13 could be redeemed. And how they could drive up the price by doing

14 that. All that kind of things.

15 Q. I'm going to show you another -- an excerpt of this. This is

16 Government Exhibit 22-B.

17 MR. KITCHENS: This is another excerpt of Exhibit 22.

18 And we would offer it for admission as well.

19 MR. LOWTHER: No objection.

20 THE COURT: It's admitted.

21 MR. KITCHENS: Since we've got the Elmo up, I'll go

22 ahead and put it up.

23 BY MR. KITCHENS:

24 Q. If we look at the bottom of this, did someone, a user, on this

25 official Telegram channel ask for an update?



1 A. Yes.

2 Q. And then it looks below that there is a date. What was the  
3 date of the response?

4 A. 25 August, 2017. 26th, sorry. 26th August.

5 Q. And let's look at this response at the bottom. Is this a  
6 response from Ryan Felton?

7 A. Yes.

8 Q. We'll go through a few of these points. He's making several  
9 points in this post?

10 A. Uh-huh (affirmative).

11 Q. Let's go through and talk about the first one first.  
12 What did you interpret this to mean?

13 A. Yeah. There was a big buyer going into FLiK, buying \$500,000  
14 worth of FLiK tokens. To me it meant other persons are investing  
15 as well, other big guys. And they don't do that with that much  
16 money without being a real trusted project.

17 Q. Someone wouldn't put \$500,000 in if it weren't a real project?

18 A. Exactly.

19 Q. If we look at the third point, what was your understanding of  
20 this?

21 A. The understanding was to seal the deal, it meant like becoming  
22 a co-owner.

23 Q. When it talks about Kevin --

24 A. Yeah.

25 Q. -- who did you understand Kevin to be?

1 A. Kevin Hart.

2 Q. And, again, was Kevin Hart someone that was well-known even in  
3 the Netherlands?

4 A. Yes.

5 Q. Now, if we look at the fourth point, do you remember that  
6 announcement?

7 A. Yes.

8 Q. What's he telling potential investors on Telegram?

9 A. Yes. Oh, what's he telling? They receive word from -- that  
10 FLiK will be integrated in the military top-box. So that means  
11 that every military personnel can -- instead of watching Netflix,  
12 they can use FLiK as their viewing platform.

13 Q. And Mr. Felton states, This is huge news?

14 A. Yeah.

15 Q. Is that something that you viewed as important?

16 A. Yes. Also because it's the US Military. And to get a deal  
17 with the US Military, you would have to deal with the US  
18 Government. And to me I was thinking US Government doesn't make  
19 deals with people who aren't -- the US Government does their due  
20 diligence.

21 Q. Was this something that lent some credence to the project and  
22 some credibility to the project?

23 A. Yes.

24 Q. Let me look at a couple other examples.

25 I'm going to show you what's marked as Government Exhibit 22-C

1 and 22-D.

2 MR. KITCHENS: These are, again, additional excerpts  
3 from Exhibit 22 that was admitted yesterday. And we would offer  
4 it for admission as well.

5 MR. LOWTHER: No objection.

6 THE COURT: Admitted.

7 BY MR. KITCHENS:

8 Q. You mentioned seeing on Telegram some posts about licensing  
9 content?

10 A. Yes.

11 Q. So let me show you first Exhibit 22-C. Look at the very  
12 bottom. Do you see -- I guess I should say first looking at this,  
13 kind of in the middle, do you see dates for -- a date for the  
14 messages that follow this?

15 A. Yes.

16 Q. What was that date?

17 A. 22 August, 2017.

18 Q. Was this during the initial coin offering?

19 A. Yes.

20 Q. Now, if we look at the bottom, it looks like a user with the  
21 username SND asks questions. It asks, Paramount, Warner Brothers  
22 buying in? Already some news in the pipeline to share here.

23 Did Ryan Felton provide a response?

24 A. Yes.

25 Q. What was his response?

1 **A.** We're talking with both of those companies about licensing  
2 their content and adding FLiK to the platform.

3 **Q.** I'm going to show you 22-D. If we look at the top of this,  
4 there's -- looks like there's a 12:08 question. And then I want  
5 to focus on that 12:24 post from Ryan Felton.

6 What does he say in that post?

7 **A.** I'm going to try to make it. I've got two phone meetings  
8 later this afternoon with Lionsgate and Warner Brothers about  
9 licensing their film libraries.

10 **Q.** If we look later down here, is there a date for this?

11 **A.** Yes.

12 **Q.** What's that date?

13 **A.** The 15th of September 2017.

14 **Q.** And a username -- someone with the username Giorgio, looks  
15 like, asks a question about what happens with the meetings?

16 **A.** Yes.

17 **Q.** Let's look at the response. What did Ryan Felton say in  
18 response?

19 **A.** The answer is: Giorgio, we're finalizing an agreement with  
20 Lionsgate to license their film library of 15,000 films. This  
21 gives us great content on day one. And also keep an eye out for  
22 announcement about Kevin Hart and FLiK. It should be post on our  
23 Twitter and Kevin's Twitter accounts. He has 36 million  
24 followers.

25 **Q.** Now, I want to focus on these various statements about the

1 studios.

2 **A.** Yes.

3 **Q.** What did you interpret that to mean? What was your reaction  
4 to that?

5 **A.** My reaction was that on day one FLiK would have access to all  
6 the content that's there, what people want to watch. So -- and  
7 they're both big companies in the industry. So, yeah, if they  
8 make an agreement with that, you can't do that if you're not  
9 serious.

10 **Q.** Was that something -- again, did it lend any credibility to  
11 the FLiK product?

12 **A.** Yes.

13 **Q.** Did you also do in addition to -- these records we're looking  
14 at, did you also personally take some screen captures of messages  
15 you saw on Telegram?

16 **A.** Yes.

17 **Q.** I'm going to show you a couple of these.

18 I'll show you what's been marked as Government Exhibit 35 and  
19 36. Do you recognize what those documents are?

20 **A.** Yes.

21 **Q.** What are they?

22 **A.** They're screenshots from the Telegram chat.

23 **Q.** And are those -- who was it that took those screenshots?

24 **A.** It was me.

25 **Q.** You did?

1 A. Yep.

2 MR. KITCHENS: The government offers for admission  
3 Exhibits 35 and 36.

4 MR. LOWTHER: No objection.

5 THE COURT: They're admitted.

6 BY MR. KITCHENS:

7 Q. I'm going to show you Exhibit 36 first.

8 Now, this looked a little different than the Telegram exhibits  
9 we just looked at, is that right?

10 A. Yeah.

11 Q. And is this how Telegram actually appeared if you were a  
12 user -- is this how it appeared on your screen?

13 A. Yes.

14 Q. So just to be clear, for the Ryan Felton post --

15 A. Yeah.

16 Q. -- if you're a user, did you see this photo pop up?

17 A. Yes.

18 Q. Now, I want to focus on, again, that second post first. Let's  
19 look at that. What is he telling you about the content?

20 A. About what he's telling? He's telling FLiK tokens can be  
21 redeemable via platform. And we, the company, can literally drive  
22 the price higher as we move forward. And, of course, we want to  
23 drive the price higher in favor of our holders and for the company  
24 itself. A \$10 value in a year is a certainty.

25 Q. Now, was that statement that there would be a \$10 value as a

1 certainty, was that something that was valuable to you as an  
2 investor?

3 **A.** Yes.

4 **Q.** At the time how much was really -- in terms of US dollar  
5 amount could you purchase a FLiK token for?

6 **A.** It fluctuated. The top was like 30 cents. And now it's worth  
7 zero. But it fluctuated between 30 cents, 20 cents at that time.

8 **Q.** Now, let's look at Government Exhibit 35. It looks like  
9 there's a long post here. I'm not going to ask you to, you know,  
10 read us the whole thing, but do you remember there being an issue  
11 with one of the cryptocurrency exchanges that was listing FLiK?

12 **A.** Yes.

13 **Q.** What was that issue?

14 **A.** The issue was that there was a major dump on that exchange.

15 **Q.** By "dump," what do you mean?

16 **A.** Dump means someone sells a lot of coins without being enough  
17 buy pressure, so the price dumps.

18 **Q.** So if there were a lot of these tokens that were being sold at  
19 the same time, what was the impact on the value of a FLiK coin?

20 **A.** It crashes.

21 **Q.** Did investors notice that and ask questions about it?

22 **A.** Yes.

23 **Q.** And did Mr. Felton provide a response?

24 **A.** Yes.

25 **Q.** What was his explanation for what caused this, you know, dump

1 of FLiK tokens --

2 **A.** Yes.

3 **Q.** -- and the crash in price?

4 **A.** His business partner, and "business partner" we assume he  
5 meant TI, gave his tokens to friends of his, and they dumped it on  
6 EtherDelta.

7 **Q.** Was that one of the exchanges that sold FLiK?

8 **A.** Yeah. It was an exchange that listed FLiK, so you can buy and  
9 sell FLiK on that platform.

10 **Q.** Looking just a few sentences in, he says, It's new to them and  
11 they don't know what they're doing.

12 **A.** Yeah.

13 **Q.** Was that something that seemed plausible to you, that someone  
14 that is new to cryptocurrency would be doing this on EtherDelta?

15 **A.** Well, EtherDelta is pretty technical if you're new into  
16 crypto. You have to make a MyEtherWallet. You have to connect  
17 it. You have to be a bit tech savvy to do that.

18 **Q.** Now, if we look at -- a little further down, it says, Their  
19 coins are being withdrawn, I believe most have been removed. And  
20 TI has agreed to make some necessary buys on ED --

21 Is it your understanding that's EtherDelta?

22 **A.** Yep.

23 **Q.** -- in order to provide support for a more accurate price.

24 How did you interpret what Ryan Felton is telling you about  
25 what TI is going to do to remedy this?



1 **A.** Well, it was a part of TI dump. They both agreed it was a --  
2 not TI dump but the friends of TI dumped TI's coins. So they both  
3 agreed it was a stupid move. And then they agreed in exchange for  
4 that -- for TI to sell it back, he had to put some buy pressure on  
5 the exchange so the price would get back to normal.

6 **Q.** Now, if we look after this, it looks like someone asks, People  
7 just starting crypto figured out how to use EtherDelta?

8 **A.** Yep.

9 **Q.** And what does Mr. Felton say?

10 **A.** A brother showed them. Sorry.

11 **Q.** And this user also asks, How do they figure out how to list  
12 it?

13 **A.** Yep.

14 **Q.** And what did Mr. Felton say?

15 **A.** Their brother did that. Anyone can list on there. Bottom  
16 line, they screwed up in their excitement. It's being rectified.  
17 And none of the buyers have been harmed in any way.

18 **Q.** Now, did you have any idea about the accuracy of any of these  
19 claims about TI?

20 **A.** Sorry? What do you mean?

21 **Q.** Did you have an understanding or know whether any of these  
22 claims being made about TI were accurate at the time?

23 **A.** We have to trust Ryan Felton for that.

24 **Q.** Would it have been important for you to know if what he was  
25 claiming about TI dumping the shares and then buying them back to

1 help the price, if that was not true?

2 **A.** Yes.

3 **Q.** One of the last things I think you mentioned as well is you  
4 also viewed some social media posts for Ryan Felton?

5 **A.** Uh-huh (affirmative).

6 **Q.** And how did you find Ryan Felton on social media?

7 **A.** Just by searching him.

8 **Q.** And did you follow his posts? Did he talk about FLiK on his  
9 social media?

10 **A.** Yes.

11 **Q.** And did you also take screen captures of portions of posts  
12 that you saw on his social media account?

13 **A.** Yes.

14 **Q.** I'm going to show you what's been marked for identification as  
15 Government Exhibit 38. Do you recognize what this is?

16 **A.** Yes.

17 **Q.** What is it?

18 **A.** It is a screenshot from his private Instagram showing a  
19 Ferrari that he bought.

20 **Q.** Who was it that took the screenshot?

21 **A.** That was me.

22 MR. KITCHENS: The government offers for admission  
23 Exhibit 38.

24 MR. LOWTHER: No objection.

25 THE COURT: Admitted.

1 MR. KITCHENS: We still have the Elmo up, so I'll just  
2 look at this.

3 BY MR. KITCHENS:

4 Q. You mentioned that these were photos of a Ferrari that he  
5 posted on his Instagram page?

6 A. Yes.

7 Q. And if we look at the top, what was the account handle that he  
8 had on Instagram?

9 A. Theryanfelton.

10 Q. If I look next to that there's this word Volgend. Can you  
11 tell us what that is?

12 A. It just means follow in Dutch language.

13 Q. So is this literally how it appears exactly on your screen in  
14 the Netherlands when you were printing this?

15 A. Yes. Yes.

16 Q. Were there a series of photos posted as part of this Instagram  
17 post?

18 A. Yes. You could swipe it.

19 Q. Did Ryan Felton also post a message as part of providing these  
20 photos?

21 A. Yes.

22 Q. And what was -- did he provide some hashtags?

23 A. Yes.

24 Q. What did he indicate in those hashtags?

25 A. That the Ferrari came from hard work and from his Bitcoin

1 investments.

2 **Q.** Now, taking into account everything that you read, reviewed  
3 this morning, the website, the whitepaper, the social media  
4 accounts, the statements on Telegram and everything, what was your  
5 overall impression of FLiK?

6 **A.** My overall impression at that time was that FLiK was a serious  
7 platform, a serious platform that was being built by serious  
8 business people with experience in the film industry and in the  
9 crypto industry.

10 **Q.** Did you trust what you read?

11 **A.** Yes.

12 **Q.** And did you rely on those statements when you were making your  
13 decision to invest in FLiK?

14 **A.** 100 percent.

15 **Q.** Now, how was it that you actually invested in FLiK?

16 **A.** I missed the ICO, so I had to buy them on exchange. I bought  
17 my coins on CoinExchange.

18 **Q.** What was CoinExchange?

19 **A.** CoinExchange is just a centralized platform where you can buy  
20 and sell all kinds of crypto tokens.

21 **Q.** It's a cryptocurrency exchange?

22 **A.** Yes.

23 **Q.** Just to walk us through some of the mechanics, how did you go  
24 about buying FLiK on CoinExchange?

25 **A.** You sign up at CoinExchange. Then you have your account. You

1 can buy FLiK with either Bitcoin or Ethereum, so you have to bring  
2 in Bitcoin or Ethereum to your account. I deal with Bitcoin, so I  
3 transferred Bitcoin to my account. And then you can go to  
4 markets. You can put in FLiK/BTC or FLiK/ETC, whatever you want.  
5 So I deal with Bitcoin, so FLiK/BTC. And then you can either  
6 market buy FLiK or set a limit order.

7 **Q.** CoinExchange, does it still exist?

8 **A.** No.

9 **Q.** Before it stopped existing did you download and keep a record  
10 of your transactions?

11 **A.** Yes.

12 **Q.** What did you do after you kept a record of those transactions?

13 **A.** I put them in Excel.

14 **Q.** Into a spreadsheet?

15 **A.** Yeah, Excel spreadsheet.

16 **Q.** So I'm going to show you what's been marked as Government  
17 Exhibit 34. Do you recognize what this is?

18 **A.** Yes.

19 **Q.** What is it?

20 **A.** It is a summary of all my transaction data. My buys and sells  
21 of FLiK.

22 **Q.** Who was it that prepared this?

23 **A.** That was me.

24 **MR. KITCHENS:** We offer for admission Exhibit 34.

25 **MR. LOWTHER:** No objection.

1 THE COURT: It's admitted.

2 BY MR. KITCHENS:

3 Q. So let me -- let's try to look at this. It's another big  
4 spreadsheet, Exhibit 34. Let me see if I can focus it a little  
5 bit.

6 Just to help orient us a little bit, again where did you get  
7 all of this transaction data?

8 A. I downloaded it from CoinExchange. You can go to transactions  
9 and there you see all your data.

10 Q. And if we look at the top, just so I see the data, it's going  
11 to be hard to read on this but --

12 A. Yep.

13 Q. -- did you also include a pricing information --

14 A. Yes.

15 Q. -- for Bitcoin and US dollar equivalent?

16 A. Yes.

17 Q. How did you calculate that?

18 A. You can download the price in Bitcoin that you paid for one  
19 FLiK. You can also see how much Bitcoin you paid for your total  
20 order. You couldn't see how much Bitcoin was worth that day, so  
21 what did I do? I took the opening price and the closing price of  
22 Bitcoin from that day, and I divided it by two, and then you got  
23 how much dollar you paid for your FLiKs.

24 Q. And the green rows, what does that represent?

25 A. The green means buys.

1 Q. And the red rows, what does that represent?

2 A. That means sells.

3 Q. So let's look at just some of your earliest purchases here.

4 What was the first date that you bought FLiK?

5 A. That was the 17th of October, 2017.

6 Q. And do you remember that blog post we looked at earlier, the  
7 roadmap?

8 A. Yes.

9 Q. Do you remember the date of that post?

10 A. That was one day before.

11 Q. One day before you bought your first FLiK?

12 A. Yes.

13 Q. If we look a little bit above that, the October 19th --

14 A. Yes.

15 Q. -- did you purchase additional FLiK on that day?

16 A. Yes.

17 Q. And then we see this number kind of in the middle, what I have  
18 on the screen. How much FLiK tokens did you purchase on this day?

19 A. That were 6,734 FLiK tokens.

20 Q. And roughly what was the cost for you in Bitcoin?

21 A. In Bitcoin I paid 0.1626 Bitcoin.

22 Q. Am I seeing that right? Where are you seeing that?

23 A. On the -- I have to -- 0 point -- the 19th, this? The 19th of  
24 October?

25 Q. The 19th of October?

1 A. Oh, sorry. 0.194 Bitcoin on the 19th of October 2017.

2 Q. So I want to make sure that I'm looking at it right. Is it  
3 this number, the amount of Bitcoin that you paid?

4 A. Yep. Yep.

5 Q. Then if we -- now, did you ever sell FLiK at any point?

6 A. Yes.

7 Q. Why did you sell FLiK?

8 A. My main objective was to get more FLiKs by buying and selling  
9 some.

10 Q. Why would you sell in order to buy more?

11 A. Why?

12 Q. Yes.

13 A. Yes. The price reflect weights and you could see the buy set  
14 orders and the sell orders in the order book. So sometimes you  
15 just try to get something out of it to get -- in the end to get  
16 more FLiK tokens without investing more dollars.

17 Q. When you first bought -- let me look at just the very tail end  
18 of this. So when was the last time you had transactions in FLiK?

19 A. My last time was the 26th of July 2018.

20 Q. And were you selling FLiK tokens?

21 A. Yes.

22 Q. How much were you selling FLiK tokens for at the time?

23 A. In dollars, it was less than one cent.

24 Q. And this was -- compared to your purchase price, how did  
25 that -- how did that compare?



1 **A.** I made a loss.

2 **Q.** How many FLiK tokens overall did you purchase?

3 **A.** Overall, I totally purchased nine thousand five -- nine  
4 hundred thousand fifty-six thousand seven hundred and nineteen  
5 [sic] FLiK tokens. I sold some. And now you see slash REF. I  
6 think it's because you have to put like this in Excel. But total  
7 I still hold like 650,000 FLiK tokens.

8 **Q.** And taking out your sells roughly how much money did you  
9 invest in FLiK?

10 **A.** You see total about is worth \$44,000. Excluding all my sales  
11 I still had a net loss of \$37,000.

12 **Q.** Was that a significant investment for you?

13 **A.** Yes.

14 **Q.** Do you recall at some point that there was a change in  
15 ownership in FLiK?

16 **A.** Yes.

17 **Q.** What do you recall about that?

18 **A.** It was the summer of 2018. Things weren't going well with  
19 FLiK. The FLiK team was very quiet despite not -- still not  
20 having a platform. And then on a day suddenly there was a message  
21 that SkyBlock took over FLiK.

22 **Q.** Had you ever heard of SkyBlock before?

23 **A.** No.

24 **Q.** How did you interpret that message?

25 **A.** To me it was like, Okay, this project is over. I didn't trust

1 it.

2 Q. Did FLiK ever launch?

3 A. No.

4 Q. Was there ever any streaming platform created for FLiK?

5 A. No.

6 Q. Were there ever any services that you could use with your FLiK  
7 token?

8 A. No.

9 Q. Do you still to this day hold FLiK tokens?

10 A. Yes.

11 Q. Roughly how many do you still hold?

12 A. 650,000 FLiK tokens.

13 Q. And how much are those 650,000 FLiK tokens currently worth?

14 A. Zero.

15 Q. One final thing. I just want to go over a couple more  
16 transactions that you mentioned from your testimony.

17 Do you recall you testified that you purchased some additional  
18 FLiK tokens on the 3rd of April, the same day as that blog post we  
19 looked at?

20 A. Yes.

21 Q. Just looking at the first sheet --

22 MR. KITCHENS: Scroll down a little bit.

23 Q. -- do you see those purchases on April 3rd, 2018?

24 A. Yes.

25 Q. And, lastly, just to cover one more, did you see additional

1 purchases on -- did you make any additional transactions on  
2 May 8th of 2018?

3 **A.** May 8th? May 8th? Yes.

4 **Q.** And I want to point your attention, I guess, to the one that's  
5 higher up, the first transaction on May 8th.

6 **A.** Yes.

7 **Q.** How many FLiK token did you purchase on that day?

8 **A.** The first transaction, it was -- you see it in three different  
9 transactions here. But you just put in a limit or market order,  
10 and when it gets filled, it gets separated in different  
11 transactions, so you see three rows here. But that day I bought  
12 over three point five thousand dollars [sic] worth of FLiK.

13 **Q.** Just so I'm looking on the screen, is that based on the dollar  
14 amount that we're seeing at the end there?

15 **A.** Yes.

16 **Q.** What was the actual number of FLiK tokens that you purchased  
17 in this first transaction on May 8th?

18 **A.** 21,322 FLiK tokens.

19 **Q.** I'm sorry. You're right. The one with the timestamp 1743 --

20 **A.** Oh, one on the right? 37,750 FLiK tokens.

21 **Q.** So even as late as May and into June 2018 you were still  
22 making substantial purchases of FLiK?

23 **A.** Yes. I still trusted the project.

24 **Q.** And do you trust that project today?

25 **A.** At this day?

1 Q. At this day do you still trust that --

2 A. No.

3 MR. KITCHENS: I don't have any more questions, your  
4 Honor.

5 CROSS-EXAMINATION

6 BY MR. LOWTHER:

7 Q. Good morning, Mr. Hortsman.

8 A. Good morning.

9 Q. My name is Joshua Lowther. And I represent Mr. Felton.

10 A. Nice to meet you.

11 Q. Just a few questions.

12 Do you invest in traditional stock and bonds or mostly  
13 cryptocurrency coins and that type or is it a mix?

14 A. At that time it was mostly crypto. The years before it was  
15 mostly stocks, Forex, gold.

16 Q. What's your portfolio now primarily?

17 A. Currently only euros.

18 Q. Just euros now?

19 A. Yes.

20 Q. Cryptocurrency market's relatively speculative, wouldn't you  
21 agree?

22 A. Yes.

23 Q. And you weren't aware of FLiK -- well, let me ask you. You  
24 became aware of FLiK on Twitter, correct?

25 A. Yes.

1 Q. So, obviously, you didn't rely on the advice that was on  
2 Twitter; you did your own research?

3 A. Yes.

4 Q. And you did not learn about FLiK before the initial coin  
5 offering, only after?

6 A. Yes.

7 Q. So that's why you purchased FLiK tokens on CoinExchange as  
8 opposed from the FLiK website itself?

9 A. Yes.

10 Q. You mentioned that you were a part of a Telegram channel about  
11 FLiK.io or ICO?

12 A. Yes.

13 Q. And whether or not you participated in that, you certainly saw  
14 the posts that went through there frequently?

15 A. Yep.

16 Q. And you monitored it closely?

17 A. Closely.

18 Q. So some time after your initial purchase -- so there's the  
19 initial coin offering?

20 A. Uh-huh (affirmative).

21 Q. And then there's your initial purchase?

22 A. Uh-huh (affirmative).

23 Q. And essentially December 2018, that's when SkyBlock Media  
24 became involved?

25 A. December? August 2018.

1 Q. December or August for SkyBlock, when you recall learning that  
2 information?

3 A. Yes.

4 Q. August?

5 A. August 2018.

6 Q. So there were -- in that Telegram channel there were many coin  
7 purchasers who were participating in that channel, correct?

8 A. Yep.

9 Q. And is it fair to say that a lot of those purchasers were  
10 angry at the progress that FLiK had?

11 A. Yes.

12 Q. And I know you didn't make any threats that I'm aware of  
13 obviously, but many people did make threats against Mr. Felton in  
14 that channel, correct?

15 A. Yes.

16 Q. And his family?

17 A. Yes.

18 Q. Do you recall when that started?

19 A. It started when he didn't make his promise. I don't know  
20 which exact date but it gets --

21 Q. It was shortly after your initial investment, I guess?

22 A. It gets worser and worser [sic] over time.

23 Q. I'm sorry?

24 A. It got worser and worser over time.

25 Q. But it began shortly after your initial investment and

1 increasingly got worse?

2 **A.** Yep.

3 MR. LOWTHER: Thank you, Mr. Hortsman.

4 THE WITNESS: Thank you.

5 MR. KITCHENS: No further questions, your Honor.

6 THE COURT: Sir, thank you. You can step down.

7 And any reason we need to hold onto this witness?

8 MR. LOWTHER: No, your Honor.

9 MR. KITCHENS: I don't think so, your Honor.

10 THE COURT: You're released. Thank you.

11 THE WITNESS: Thank you.

12 (Witness excused)

13 THE COURT: Ladies and gentlemen of the jury, we've been  
14 going on an hour and a half plus and it's a good time to take a  
15 short break. You're reminded of your instructions for breaks.  
16 In sum and substance, don't talk to anyone, including yourselves,  
17 about this case in any way. And do not do any research in any way  
18 about anything involving this case. Thank you. And enjoy your  
19 break

20 (The jury exited the courtroom)

21 THE COURT: Jury is in recess, but the Court is going to  
22 stay in session for just a second.

23 Y'all can have your seats. Thank you.

24 Counsel, anything we need to discuss before the next  
25 witness?

1 MR. KITCHENS: Nothing for the government.

2 MR. LOWTHER: No, your Honor.

3 THE COURT: All right. See you in a little while.

4 We'll take five to ten, okay. Just be back in ten.

5 (After a recess, the proceedings continued as follows:)

6 (Court Announced)

7 THE COURT: If you would like to go ahead and get your  
8 witness coming up, I'll let you formally call them when the jury  
9 gets in here.

10 MR. KITCHENS: Sure.

11 THE COURT: Officer, we're ready for the jury. Thank  
12 you.

13 (The jury entered the courtroom)

14 THE COURT: Good morning. If you'll just stay standing  
15 for a moment.

16 All right. Y'all can have your seats. Thank you. I  
17 guess we're missing one juror, though.

18 (Pause in the proceedings)

19 THE COURT: You can call your next witnesses,  
20 Mr. Kitchens.

21 MR. KITCHENS: The government calls Kenneth Fedance as  
22 our next witness.

23 COURTROOM DEPUTY CLERK: If you can stand up and raise  
24 your right hand.

25

---



1 KENNETH FEDANCE

2 a witness herein, being first duly sworn,  
3 was examined and testified as follows:

4 \_\_\_\_\_  
5 \_\_\_\_\_  
6 DIRECT EXAMINATION

7 BY MR. KITCHENS:

8 Q. Good morning, Mr. Fedance. You can remove your mask.

9 Mr. Fedance, where are you from?

10 A. San Diego, California.

11 Q. Just so we can make sure we can hear you and get a recording,  
12 can you just get a little bit closer to the microphone. Perfect.

13 What do you do for work.

14 A. I work at Costco?

15 Q. What's your role at Costco?

16 A. It's stocker.

17 Q. How long have you been there?

18 A. Twelve years.

19 Q. Have you also separately invested in cryptocurrency?

20 A. Yes.

21 Q. Can you tell us, how did you first get interested in  
22 cryptocurrency?

23 A. Around 2015 I just saw a -- I just saw something on the news  
24 about Bitcoin and it kind of piqued my curiosity.

25 Q. And after that news article kind of piqued your curiosity,

1 what were sort of your next steps?

2 **A.** I really didn't think anything of it until more coins started  
3 showing up and I pretty much saw the value rising and thought I  
4 could -- it was an opportunity to make money.

5 **Q.** And did you, in fact, decide to start investing in  
6 cryptocurrency?

7 **A.** Yes.

8 **Q.** How did you generally choose -- or, you know, what kind of  
9 research did you do to figure out what to invest in?

10 **A.** I was using ICO listing sites and just browsing Telegram  
11 channels, just chatting with people on those to see what  
12 opportunities were.

13 **Q.** And at some point did you learn about a cryptocurrency called  
14 FLiK?

15 **A.** Yes.

16 **Q.** How did you first learn about FLiK?

17 **A.** It was on one of those ICO listing sites.

18 **Q.** And what was it, if anything, that interested you in FLiK?

19 **A.** Well, it was a -- the crypto version of a Netflix. And  
20 knowing how popular Netflix was, I thought it sounded like a great  
21 idea.

22 **Q.** After you heard about the idea, what did you do to try to do  
23 research about FLiK?

24 **A.** Just Google, Google searches. I got on the FLiK Telegram  
25 channel, asked questions.

1 Q. What were the types of things based on your Google searches  
2 that you found for FLiK?

3 A. It -- well, a -- I just looked at the people that I saw on the  
4 actual FLiK website, so I did some basic Google searches.

5 Q. Okay. So let's look at that website.

6 MR. KITCHENS: Ms. Etienne, can we please bring up  
7 Government Exhibit 6. And then let's bring up the fourth page of  
8 this. And can you blow up that first bio at the bottom.

9 Q. Mr. Fedance, do you remember seeing this portion of the  
10 website discussing the team members?

11 A. Yes.

12 Q. And who was the first individual that was described as being  
13 part of the FLiK team?

14 A. Ryan Felton.

15 Q. Had you heard of Mr. Felton before this?

16 A. No, I had not.

17 Q. Based on reading the description of him on the website,  
18 though, what was your impression of him?

19 A. He sounded like a pretty accomplished entrepreneur in this  
20 space, in the entertainment industry.

21 MR. KITCHENS: Ms. Etienne, can we please look at the  
22 next page and the next bio.

23 Q. All right. Had you heard -- Mr. Fedance, had you heard of TI?

24 A. Yes.

25 Q. What did you know about him?

1 A. He's an extremely popular rapper.

2 Q. Did you listen to his music?

3 A. Yeah. Actually, I did.

4 Q. Based on this post, did you think that he was a co-owner of  
5 FLiK?

6 A. Yes.

7 Q. And when you were deciding whether or not to buy FLiK, was  
8 this something -- TI being a co-owner, was that important to your  
9 decision to buy?

10 A. Yeah.

11 Q. Why was that?

12 A. Being -- he was co-owner. The -- his status, people he can  
13 reach, you know, as followers. He's made a big influence, you  
14 know.

15 Q. What was the importance for an entertainment platform like  
16 FLiK?

17 A. Probably the amount of people -- important people that he  
18 could reach out to. You know, he can draw attention to the  
19 platform.

20 MR. KITCHENS: Now, if we look at the next page, the  
21 next bio, Ms. Etienne, let's bring that up. Thank you.

22 Q. Had you heard of Tony Gallippi before this?

23 A. No, I did not.

24 Q. Had you heard of BitPay before this?

25 A. Yes.

1 Q. What did you know about BitPay at the time?

2 A. It was one of the first payment processors of -- crypto  
3 processors.

4 Q. And what did you -- what was your reaction to the website  
5 advertising him as a member of the advisory board?

6 A. That it was great, you know, being a pioneer in the industry,  
7 he -- a lot of experience.

8 Q. Did you, based on this, believe he would take an active  
9 advisory role with the company?

10 A. Yes.

11 Q. Was that something that was important for you in making a  
12 decision whether to buy FLiK?

13 A. Yeah.

14 Q. Now, in addition to this, was there on the website a link to  
15 the whitepaper itself?

16 A. I believe so.

17 Q. Let's look at Government Exhibit 7.

18 MR. KITCHENS: Let's try to look at the 10th page of  
19 this.

20 Q. Well, first, just scrolling through, do you recognize this  
21 whitepaper?

22 A. Yeah.

23 MR. KITCHENS: Let's go to page ten of this document.  
24 In the "Why is FLiK having a crowd sale." All right.

25 Q. What did the whitepaper describe about how the FLiK token

1 could be used?

2 **A.** Well, for movie purchases, subscriptions, rentals. And then  
3 you would have perks if you were a holder to, I guess, like get  
4 back stage and meet people on sets and stuff like that.

5 **Q.** Did you have any interest in actually using FLiK tokens?

6 **A.** No.

7 **Q.** What was your purpose for purchasing FLiK tokens?

8 **A.** It was an investment. It was to make money.

9 **Q.** Did you want to access any of these entertainment features  
10 with the platform itself?

11 **A.** No.

12 MR. KITCHENS: If we can please look at the next page,  
13 Ms. Etienne.

14 **Q.** Let's look at that use of funds. What did you understand  
15 about how -- money raised in the initial coin offering, how FLiK  
16 was going to apply those funds?

17 **A.** Well, I thought they would follow that.

18 **Q.** Did you think -- expect that the funds raised in the ICO would  
19 be used to develop the platform as stated in the whitepaper?

20 **A.** Yes.

21 **Q.** Was that something that was important for you when you were  
22 making a decision whether to buy?

23 **A.** Yes.

24 **Q.** Why is that?

25 **A.** Well, it's just allocation of the money, to develop the

1 platform.

2 Q. And if there was no platform, was the FLiK token going to be  
3 worth anything as an investment?

4 A. No.

5 Q. If we look right above that about the crowdsale, what did it  
6 tell you about the amount of tokens that could be purchased in the  
7 crowdsale itself?

8 A. The amount that could be purchased?

9 Q. How many tokens were being offered in the crowdsale for  
10 purchase?

11 A. Looks like 50 million.

12 Q. And I want to focus on that last line, "All unsold tokens will  
13 be burned." Did you have an understanding of what that meant?

14 A. Yes.

15 Q. What did you understand?

16 A. Well, when -- when you reduce the -- well -- so a token burn  
17 is reducing the amount of tokens that would be in circulation.

18 Q. Was that something that was important for you as an investor?

19 A. Yeah.

20 Q. Why is that?

21 A. When you reduce the supply, then the value should go up.

22 MR. KITCHENS: We can take this down, Ms. Etienne.

23 Q. Now, in addition to the whitepaper and the website itself, did  
24 you also view any social media and see social media posts?

25 A. Yes.

1 Q. Let's look at just a couple of these.

2 MR. KITCHENS: Would you please, Ms. Etienne, show us  
3 Government Exhibit 16.

4 Q. Looking at the top, do you remember seeing this post?

5 A. Yeah.

6 Q. Who was it who was making the post?

7 A. TI.

8 MR. KITCHENS: Ms. Etienne, can we blow up just the top  
9 so we can maybe see the date a little bit clearer.

10 Q. What was the date of this post?

11 A. 20th of August.

12 Q. Was that the first day of the ICO?

13 A. I believe so.

14 Q. Now, let's look at Government Exhibit 14. Do you remember  
15 seeing this post as well?

16 A. Yes.

17 Q. And what were your -- what was your reaction to seeing these  
18 posts by TI and Kevin Hart?

19 A. I was excited.

20 MR. KITCHENS: We can take this down.

21 Q. You mentioned that you also viewed a Telegram page for FLiK,  
22 is that correct?

23 A. The Telegram channel or the --

24 Q. I'm sorry. Just so I understand, what was the -- what is, I  
25 guess, Telegram in general?



1 **A.** It's a messenger. A lot of these projects have official  
2 groups or channels.

3 **Q.** Is that the terminology within Telegram, a group chat will be  
4 called a channel?

5 **A.** Yes.

6 **Q.** And did FLiK have an official channel?

7 **A.** Yes.

8 **Q.** And was that common in the cryptocurrency space?

9 **A.** Yes. It's very common.

10 **Q.** And did Ryan Felton himself participate in that Telegram  
11 channel for FLiK?

12 **A.** Yes.

13 **Q.** How often did he participate?

14 **A.** He was in there quite often.

15 MR. KITCHENS: Ms. Etienne, can we please bring up  
16 Government Exhibit 22-B.

17 **Q.** If we just look at this post at the bottom, I just want to ask  
18 you a couple things about this.

19 Was this a post by Ryan Felton that you saw on Telegram?

20 **A.** Yes.

21 **Q.** What did you interpret -- his first announcement that he's  
22 making here, what did you interpret that to mean?

23 **A.** The large buyer.

24 **Q.** What was the significance of the large buyer?

25 **A.** \$500,000, that's a lot of money.

1 Q. And if we look at the fourth point, what did you interpret  
2 that news to mean?

3 A. That he's -- well, FLiK was going to be integrated on the  
4 military's streaming boxes.

5 Q. What would that mean for FLiK in terms of its customer base?

6 A. It should skyrocket. It should get a lot of users.

7 Q. Was that something that was important for you when you were  
8 making your decision to invest?

9 A. Yeah.

10 MR. KITCHENS: We can take this down.

11 Q. What other types of claims do you remember Ryan Felton making  
12 on Telegram?

13 A. He said he would be able to push the price up, I think it was  
14 \$10 a coin or token. He was going to bring Kevin Hart on as an  
15 owner. He was securing a -- I guess a catalog of films from, I  
16 believe, Lionsgate to be on FLiK from day one. I can't remember  
17 all the --

18 Q. Sure. Did you believe those claims about Kevin Hart and the  
19 movie studios licensing their content and the guaranteed price for  
20 FLiK?

21 A. Yes.

22 Q. Was that significant for you as an investor?

23 A. Yeah.

24 Q. Taking into account everything that you read from the website,  
25 the whitepaper, social media and Telegram, what was your overall

1 impression of what FLiK was at the time?

2 **A.** I thought it was going to be a successful streaming platform.  
3 I thought it was going to be awesome. I was super excited for it.

4 **Q.** Did you rely on those statements that you read when you made  
5 your decision to buy FLiK tokens?

6 **A.** Yes.

7 **Q.** When did you -- how did you buy FLiK tokens?

8 **A.** Well, I participated in the ICO.

9 **Q.** In general what was your understanding of what is an ICO or  
10 initial coin offering?

11 **A.** It was when -- it was exactly that, it was an initial coin  
12 offering, when they first open it up to the public to sell or  
13 distribute tokens to people.

14 **Q.** So can you walk us through the process of how you actually  
15 purchased FLiK tokens in the ICO.

16 **A.** They had a -- it was a wallet address or contract address on  
17 the website. And you just -- you send your funds to that and you  
18 get tokens sent back in return.

19 MR. KITCHENS: Quickly can we look at Government  
20 Exhibit 6 one more time, please, Ms. Etienne. And I want to focus  
21 on -- if we can bring up that first page again.

22 **Q.** Was there a link to click on where you could buy FLiK tokens  
23 in the ICO?

24 **A.** I honestly -- I can't remember. I just remember going to a  
25 page that had the -- that had the address that you would send your

1 money to.

2 Q. Did that page when you went to it, did it ask you any personal  
3 information at all?

4 A. No, it did not.

5 Q. Did it ask where you lived?

6 A. No, it did not.

7 Q. Did it ask any questions about your assets or resources?

8 A. No, it did not.

9 Q. Any questions about your personal identity, any personal  
10 information?

11 A. No.

12 MR. KITCHENS: We can take this down.

13 Q. Do you remember using a particular wallet to purchase those  
14 FLiK coins?

15 A. Yes.

16 Q. And when did you purchase those FLiK coins?

17 A. It was -- well, it was right when the ICO started.

18 Q. Right on first day of the --

19 A. I believe so, yeah.

20 Q. I'm going to show you what's been marked for identification as  
21 Government Exhibit 39.

22 Mr. Fedance, do you recognize what that is?

23 A. Yes.

24 Q. What is that?

25 A. My wallet address and my private key.

1 Q. And what was this wallet address? What did you use this  
2 wallet address for?

3 A. That's the wallet I used to buy the tokens.

4 MR. KITCHENS: Government offers for admission  
5 Exhibit 39.

6 MR. LOWTHER: No objection.

7 THE COURT: It's admitted.

8 MR. KITCHENS: And can we bring that up. Thank you,  
9 Ms. Etienne.

10 BY MR. KITCHENS:

11 Q. If we look at that at the top, is this something -- well,  
12 first, how did you establish a wallet for Ethereum?

13 A. You just -- you use a -- at the time it was either  
14 MyEtherWallet, and I think there is MetaMask. So you just create  
15 one through those.

16 Q. When you signed up to create a wallet, would it generate a  
17 wallet address for you?

18 A. Yes.

19 Q. Did that include a private key as well?

20 A. Yes.

21 Q. Was that essentially the password so you could do transactions  
22 with that ether wallet?

23 A. Yeah.

24 Q. You stated this was the ether wallet that you used to purchase  
25 the FLiK tokens in the ICO?

1 A. Yes, I believe so.

2 MR. KITCHENS: We can take this down.

3 Q. About how much did you buy in -- during the ICO?

4 A. I believe it was around \$3,000 worth.

5 Q. And after purchasing about \$3,000 worth, was that just on that  
6 first day, August 20th, 2017?

7 A. I think so.

8 Q. How large of an investment was that for you at the time?

9 A. Pretty big.

10 Q. Did you have any additional purchases of FLiK after the ICO?

11 A. Yes.

12 Q. Why did you purchase more FLiK?

13 A. I -- I believed in the project. Yeah.

14 Q. How was it -- were you able to buy those tokens through that  
15 same ICO page after the ICO?

16 A. No. I bought them on EtherDelta.

17 Q. What is EtherDelta?

18 A. It was a decentralized exchange.

19 Q. How many tokens did you buy on EtherDelta?

20 A. In total I was able to get like 4.3 million.

21 Q. And how did you come up with the money in order to buy the  
22 4.3 million FLiK tokens?

23 A. I sold all the other tokens that I had.

24 Q. So all of your other cryptocurrency investments you sold them  
25 in order to buy more FLiK tokens?

1 A. Yes.

2 Q. Was that a significant investment for you?

3 A. Yeah.

4 Q. Why did you decide to invest so much, eliminate all your other  
5 cryptocurrency and just go all in on FLiK?

6 A. Well, I believed him.

7 Q. At any point did you plan on using those tokens for  
8 entertainment?

9 A. No.

10 Q. Did the FLiK platform ever launch?

11 A. No, it didn't.

12 Q. Do you still hold any FLiK tokens?

13 A. I do. I have all of them still.

14 Q. And so roughly how much is that that you still hold?

15 A. 4.3 million.

16 Q. How much are those 4.3 million FLiK tokens currently worth?

17 A. Zero.

18 Q. Since your participation in the ICO with FLiK, have you  
19 participated in any other initial coin offering?

20 A. No, I have not.

21 MR. KITCHENS: I have no further questions.

22 MR. LOWTHER: No questions, your Honor.

23 THE COURT: All right. Any reason we need to hold onto  
24 the witness?

25 MR. LOWTHER: No, your Honor.

1 MR. KITCHENS: No, your Honor.

2 THE COURT: Sir, thank you for being here. You are  
3 released.

4 THE WITNESS: Thank you.

5 (Witness excused)

6 THE COURT: Please call your next witness.

7 MR. KITCHENS: Your Honor, before we call the next  
8 witness -- oh, you can go ahead, Mr. Fedance, I'm sorry -- we have  
9 a stipulation to read to the jury.

10 THE COURT: All right. Go ahead.

11 MR. KITCHENS: This is a stipulation regarding film and  
12 television studios. And this says, The United States of America  
13 and Defendant Ryan Felton, individually and through counsel,  
14 hereby stipulate and agree, one, that Lionsgate Entertainment  
15 Corporation, also known as Lionsgate, Paramount Pictures  
16 Corporation, also known as Paramount, and Warner Brothers  
17 Entertainment, Inc., also known as Warner Brothers, are motion  
18 picture and television entertainment business with a library of  
19 thousands of films and television programs.

20 Second, that the Defendant Ryan Felton and the company  
21 FLiK had no discussions or other communications with Lionsgate,  
22 Paramount or Warner Brothers about licensing content for the FLiK  
23 streaming platform.

24 And, third, that the Defendant Ryan Felton and the  
25 company FLiK did not negotiate, propose or enter any agreement



1 with Lionsgate, Paramount or Warner Brothers -- or Warner to  
2 license its film and television library. And this stipulation is  
3 signed by myself, by Sekret Sneed, by Joshua Lowther and by the  
4 Defendant Ryan Felton.

5 THE COURT: All right. Thank you.

6 MR. KITCHENS: I'll offer the stipulations to the Court.

7 MS. SNEED: The government calls William Sparks.

8 THE COURT: Counsel, it occurs to me to keep track of  
9 those stipulations, let's make that one Court's Exhibit 1, so  
10 we'll make sure that we get those when we're gathering stuff for  
11 the jury.

12 MR. KITCHENS: Thank you, your Honor.

13 THE COURT: Does that make sense to everybody?  
14 Mr. Lowther?

15 MR. LOWTHER: Yes, your Honor.

16 THE COURT: Okay. Very well. That will be Court's 1,  
17 Ms. Oduka.

18 COURTROOM DEPUTY CLERK: Good morning, Mr. Sparks.  
19 Remain standing and raise your right hand.

20 \_\_\_\_\_

21 WILLIAM SPARKS

22 a witness herein, being first duly sworn,  
23 was examined and testified as follows:

24 \_\_\_\_\_

25 \_\_\_\_\_

1 COURTROOM DEPUTY CLERK: Thank you. You may be seated.

2 THE COURT: Good morning.

3 THE WITNESS: Good morning.

4 DIRECT EXAMINATION

5 BY MS. SNEED:

6 Q. Good morning, Mr. Sparks.

7 A. Good morning.

8 Q. Where do you currently live?

9 A. In Atlanta, 9 -- 98 -- I'm sorry. I'm a little nervous.

10 THE COURT: You don't need to give your full address.

11 THE WITNESS: Okay.

12 THE COURT: Just generally. Thank you.

13 BY MS. SNEED:

14 Q. You live in the Atlanta area, sir?

15 A. Yes.

16 Q. How long have you lived in the Atlanta area?

17 A. My whole life.

18 Q. You're from the Atlanta area?

19 A. Yes.

20 Q. Are you currently employed?

21 A. Yes.

22 Q. What do you do?

23 A. Branding and strategic partnerships.

24 Q. And could you explain to the jury what is branding and  
25 strategic partnerships?

1 **A.** I work with different brands and entertainers, athletes,  
2 celebrities on marketing strategies and aligning them with other  
3 brands.

4 **Q.** And is one of the entertainers you work with TI?

5 **A.** Yes.

6 **Q.** And what is TI's real name?

7 **A.** Clifford Harris.

8 **Q.** And he's also known as Tip as well?

9 **A.** Yes.

10 **Q.** And how did you and Mr. Harris first meet?

11 **A.** I met him in high school.

12 **Q.** You've known him all this time, since high school?

13 **A.** Yes.

14 **Q.** Is Mr. Harris a professional rap artist?

15 **A.** Yes.

16 **Q.** Does he also act in movies and films and TV?

17 **A.** Yes, he does.

18 **Q.** In or around 2017 did you work for Mr. Harris at that point?

19 **A.** Yes, I did.

20 **Q.** When did you first start working for him?

21 **A.** 2006. Around 2006, 2007, somewhere around there.

22 **Q.** Did you have different roles throughout that time from 2006 to  
23 2017?

24 **A.** Yes.

25 **Q.** Do you still work for Mr. Harris?

1 A. No, but we have businesses together.

2 Q. And just focusing on or about July, August 2017, what were you  
3 doing for Mr. Harris?

4 A. Strategic partnerships.

5 Q. And how were you paid by Mr. Harris to do that?

6 A. Salary and percentage of deals that I brought in.

7 Q. What was the percentage of a deal? Was it a -- was the  
8 percentage always the same?

9 A. Yes.

10 Q. What was that percentage?

11 A. 5 percent.

12 Q. And during this time, around 2017, did you regularly present  
13 deals to Mr. Harris?

14 A. Yes.

15 Q. About how often? Once a month? Once a week?

16 A. Deal flow was pretty heavy, so probably, you know, three, four  
17 times a month, something like that.

18 Q. And what kind of deals were these? Just to give the jury a  
19 sense, like were they for soft drinks or if you could just explain  
20 what the deals were?

21 A. It could be anything. Label deals as far as album rollouts  
22 where we would partner with Red Bull or -- I mean, whoever. It's  
23 a lot.

24 Q. Did Mr. Harris need to approve a deal before you could  
25 consider it final?

1 **A.** Yes.

2 **Q.** If a deal was final, did it usually have a signed contract?

3 **A.** Yes.

4 **Q.** A signed written agreement?

5 **A.** Yes.

6 **Q.** How would you know that Mr. Harris had approved a deal?

7 **A.** Normally it would go through attorneys. And he would send a  
8 copy of his signed agreement.

9 **Q.** As a part of your duties in 2017 with the branding and  
10 strategic partnerships were you involved in Mr. Harris's social  
11 media accounts?

12 **A.** Yes.

13 **Q.** What was your general involvement with his social media  
14 accounts?

15 **A.** I provided digital strategy. So his Twitter accounts, his  
16 Facebook accounts, I managed those. And I would repurpose his  
17 Instagram posts to those accounts. Also provide assets to him  
18 from the labels and whatever else he was working on.

19 **Q.** What does that mean, to repurpose -- I think you said  
20 repurpose his Instagram?

21 **A.** Yeah. So he manages his own Instagram. But, say, we're  
22 working on Family Hustle, which is a television show, I would take  
23 the assets from the producers, send them to him. He would post  
24 it. I would give him the copy or the caption and just repurpose  
25 it for the other platforms.

1 Q. And by "repurpose," you mean you would just post it on the  
2 other platforms?

3 A. Yes.

4 Q. There's another word you used that I'm not familiar with, at  
5 least in this context, but I think you said assets?

6 A. Yeah. Videos, still posts, things like that.

7 Q. Let's focus on Mr. Harris's Twitter account during this 2017  
8 time period. What was the handle for his Twitter account?

9 A. @Tip.

10 Q. And who created that account?

11 A. I did.

12 Q. When did you create it?

13 A. I can't remember. Probably in 2012. Maybe before then.

14 Q. For those who may not know, what is Twitter?

15 A. It's a social media platform. I don't know how to really  
16 break it down. Similar to Instagram and Facebook. I don't know.

17 Q. And is a post on Twitter called a Tweet?

18 A. Yes.

19 Q. Did you compose and post Tweets for Mr. Harris's Twitter  
20 account?

21 A. Yes.

22 Q. Did anyone else besides you compose and post Tweets for  
23 Mr. Harris's Twitter account?

24 A. No.

25 Q. Did Mr. Harris have access to that Twitter account?

1 **A.** No.

2 **Q.** What type of things would you generally Tweet about on  
3 Mr. Harris's Twitter account?

4 **A.** Mainly stuff about TV shows or album rollouts. And, like I  
5 said, things that he would post on his Instagram.

6 **Q.** Was Mr. Harris's Twitter account, the @Tip account, purely  
7 business?

8 **A.** Yes.

9 **Q.** Were you required to obtain Mr. Harris's approval before you  
10 posted a Tweet?

11 **A.** For the most part. I mean, I did it for so long, I could post  
12 certain things without him taking a look at it.

13 **Q.** And I believe you mentioned a Facebook page?

14 **A.** Yes, same.

15 **Q.** Did Mr. Harris also have a Facebook page?

16 **A.** Yes.

17 **Q.** And was it the same arrangement with Twitter where you would  
18 post to the Facebook page?

19 **A.** Yes. They were linked accounts.

20 **Q.** What does that mean, "linked accounts"?

21 **A.** You can link your Facebook to Twitter or your Instagram to  
22 Facebook. They all kind of intertwined.

23 **Q.** And you mentioned that Mr. Harris posted on Instagram, is that  
24 right?

25 **A.** Yes.

1 Q. Did you have access to his Instagram account?

2 A. Yes.

3 Q. Did you post on there?

4 A. Rarely. If I posted on his Instagram, it might be to a story,  
5 a repost. If it's from a revolt or something that he didn't see,  
6 I would just call him and say, I'm going to repost this on your  
7 story but not to his feed.

8 Q. And I guess I should clarify, when I'm asking if you posted on  
9 Mr. Harris's Twitter account, are you posting as if this is coming  
10 from Mr. Harris?

11 A. Yes. I mean, everyone assumes that it is him actually  
12 posting.

13 Q. Are you familiar with the defendant, Ryan Felton?

14 A. Yes.

15 Q. When did you first meet him?

16 A. Probably around, I would say, 2015, 2016, somewhere around  
17 there.

18 Q. Where did that take place?

19 A. At our office. We shared office space.

20 Q. Where was that office space located?

21 A. 800 Forest Street.

22 Q. In Atlanta?

23 A. Yes.

24 Q. And what type of building was it? Could you describe to the  
25 jury the setup of the building where you shared office space with



1 the defendant?

2 **A.** I believe it was an old warehouse that was converted to a  
3 bunch of -- it's like a shared office space.

4 **Q.** So there were multiple different groups of people who had  
5 offices in this building?

6 **A.** Yes.

7 **Q.** And what was the office you were working in?

8 **A.** Grand Hustle office.

9 **Q.** What is Grand Hustle?

10 **A.** A record label.

11 **Q.** Who owns that record label?

12 **A.** TI.

13 **Q.** And did you -- barring any sort of work trips or vacations,  
14 did you regularly go to this office space to work for Mr. Harris?

15 **A.** Yes.

16 **Q.** And what was your understanding of what the defendant did?

17 **A.** He owned a film studio, worked a lot on films, graphics,  
18 designs, stuff like that.

19 **Q.** Did you see the defendant at the office every day?

20 **A.** Yes.

21 **Q.** When you were there?

22 **A.** Yes.

23 **Q.** And how would you describe your relationship with the  
24 defendant around 2017?

25 **A.** We were good friends.

1 Q. At some point did the defendant approach you about a project  
2 involving FLiK?

3 A. Yes.

4 Q. When was that?

5 A. It was 2017. Maybe around springtime I believe, something  
6 like that.

7 Q. Sir, can you lean a little closer to the microphone or you can  
8 push it towards you if --

9 A. 2017, maybe around spring.

10 Q. Thank you, sir.

11 What did the defendant initially tell you about FLiK?

12 A. That it would be similar to Netflix but using cryptocurrency  
13 or blockchain technology.

14 Q. When the defendant first told you about FLiK, did you have any  
15 familiarity with cryptocurrency?

16 A. Not really. Most of the understanding I got of crypto was  
17 from Ryan.

18 Q. Did you have any familiarity with blockchain technology?

19 A. Not really.

20 Q. And what did you two discuss about FLiK? What did Mr. Felton  
21 tell you?

22 A. That we could film -- I mean, finance film projects.

23 Q. And who were the film projects going to be coming from?

24 A. Our sales. Ryan and I were also working on producing films.

25 Q. Was FLiK aimed at a particular group of filmmakers?

1 **A.** Not really. Just independent filmmakers, people that couldn't  
2 find funding for films.

3 **Q.** Did the defendant tell you he was planning to have an ICO or  
4 an initial coin offering for FLiK?

5 **A.** Yes.

6 **Q.** Did you have any familiarity with an ICO at that point when he  
7 told you this in 2017?

8 **A.** Not really. I knew what an IPO was but not an ICO.

9 **Q.** And what did the defendant tell you, if anything, about what  
10 an ICO was?

11 **A.** I mean, he explained to me what it was eventually, yeah.

12 **Q.** What did he say it was?

13 **A.** It was very similar to an IPO, but basically you're taking a  
14 company public but using crypto, so using tokens or something  
15 similar to that.

16 **Q.** Did the defendant approach you about FLiK because he wanted  
17 you to involve Mr. Harris in the ICO?

18 **A.** Yes.

19 **Q.** As far as you knew, were you the primary person for the  
20 defendant to talk to about Mr. Harris potentially being involved  
21 in the FLiK ICO?

22 **A.** Yes.

23 **Q.** Did the defendant ever show you a website for FLiK?

24 **A.** Yes.

25 **Q.** When did he show you that?

1 A. It was 2017. I can't remember around what time, but it was  
2 after we initially spoke about it.

3 Q. Was it before the ICO?

4 A. Yes.

5 Q. And when he showed you this website, where were you?

6 A. At the office.

7 Q. And did he say whether this was the final version of the  
8 website?

9 A. He was working on it. He was building the site.

10 Q. So you -- so the defendant told you he was actually creating  
11 the website?

12 A. Yes.

13 MS. SNEED: Ms. Etienne, if we could pull up Government  
14 Exhibit 6, please. And that's fine, Ms. Etienne.

15 Q. Mr. Sparks, I'm showing you a document that's been previously  
16 admitted as Government Exhibit 6. Do you recognize this document,  
17 sir?

18 A. Yes.

19 Q. And what is that?

20 A. It looks like the FLiK website.

21 Q. Is that how it looked when you first saw it?

22 A. Yes.

23 MS. SNEED: Ms. Etienne, if we can go to page five of  
24 Exhibit 6, please. And if you could cull out the portion with  
25 Mr. Harris. Thank you.

1 Q. And, Mr. Sparks, is that a picture of Mr. Harris on page 5 of  
2 Exhibit 6?

3 A. Yes.

4 Q. And underneath his picture and name it lists him as the  
5 co-owner, correct?

6 A. Yes.

7 Q. And there also appears to be a short biography next to his  
8 picture. Do you see that?

9 A. Yes.

10 Q. When you saw the FLiK website in the defendant's office, did  
11 it look like this as far as Mr. Harris and his picture being on  
12 the screen and this biography?

13 A. Yes. It was similar to this.

14 Q. Was Mr. Harris a co-owner at that point when you saw the  
15 website for the first time?

16 A. I can't remember, but I do remember there were edits. But I  
17 do recall him having Tip on the -- well, TI on the site.

18 Q. Listed as the co-owner?

19 A. Maybe not at -- in the beginning. I can't remember. I know  
20 he had several variations as he was putting the site together.

21 Q. So outside of the website, at the time that you first saw  
22 this -- at the time you first saw the FLiK website, was Mr. Harris  
23 a co-owner in FLiK?

24 A. I don't believe so. I know we spoke about him being a  
25 co-owner and doing like marketing and stuff like that, so...

1 Q. Who is "we"?

2 A. Ryan and myself.

3 Q. Had Mr. Harris agreed to be a co-owner of FLiK at the time you  
4 saw this website?

5 A. No.

6 Q. And next to Mr. Harris's picture there's a biography there.  
7 Do you see that?

8 A. Yes.

9 Q. Did you send that biography to the defendant to post on the  
10 FLiK website?

11 A. No. This looks like something you could pull off Wikipedia or  
12 something.

13 Q. Would you have been the one to send a biography of Mr. Harris  
14 to the defendant in a situation like this where you were  
15 discussing a potential deal with Mr. Harris?

16 A. Yes.

17 MS. SNEED: Thank you, Ms. Etienne.

18 Q. Initially what did you and the defendants [sic] discuss as far  
19 as Mr. Harris's involvement in the FLiK ICO?

20 A. That he would come on and promote the ICO.

21 Q. And what did that mean, to promote the ICO?

22 A. Put it on Twitter and Facebook.

23 Q. Did the defendant say he would pay Mr. Harris for this  
24 promotion of the ICO?

25 A. Yes.

1 Q. Was Mr. Harris actively involved in cryptocurrency at this  
2 point?

3 A. No.

4 Q. How much was the -- did the defendant say he was going to pay  
5 Mr. Harris for just promotion?

6 A. I believe it was 10 percent.

7 Q. Well, let's clarify. At some point did you and the defendant  
8 discuss Mr. Harris doing more than just promoting?

9 A. Yes.

10 Q. And what was the terms of your -- of that potential deal  
11 involving Mr. Harris doing more than just promoting?

12 A. I believe that he would receive an additional 10 percent.

13 Q. So initially for just the promotion it would be 10 percent,  
14 and then when it became Mr. Harris doing something more, it was an  
15 additional 10 percent?

16 A. Yes. I believe so, yes.

17 Q. And what was the something more Mr. Harris potentially would  
18 be doing?

19 A. Using his leverage to bring on more opportunities, like maybe  
20 more celebrities or being more engaged with the company.

21 Q. Would Mr. Harris also have an ownership share?

22 A. Yes.

23 Q. And I think you said 10 percent initially and then an  
24 additional 10 percent, is that right?

25 A. Yes.

1 Q. And what was the first 10 percent, of what?

2 A. I -- like I said, 10 percent would be, I guess, for promotion.

3 And I think it was 10 percent equity stake for ownership.

4 Q. So 10 percent of the company, is that right?

5 A. Yes.

6 Q. And then the additional 10 percent would be based on what  
7 number?

8 A. Whatever was raised during the ICO.

9 Q. Did the defendant ever discuss paying Mr. Harris outside of  
10 that, outside of that 10 percent of the company and 10 percent of  
11 the ICO proceeds?

12 A. No.

13 Q. Now, did you think this was going to be a good opportunity for  
14 Mr. Harris?

15 A. Yes.

16 Q. And why did you think that?

17 A. I mean, there were a lot of celebrities doing ICOs at the  
18 time. And it looked like a good opportunity because FLiK tied  
19 into what he was doing anyway, film and television.

20 Q. Because the FLiK platform was supposed to have film and  
21 television, right?

22 A. Yes.

23 Q. At some point did you receive a contract from the defendant  
24 for Mr. Harris in relation to FLiK?

25 A. Yes.



1 Q. Now, Mr. Sparks, I just handed you a document that's been  
2 marked as Government Exhibit 49. Do you recognize that document?

3 A. Yes.

4 Q. What is it?

5 A. Looks like articles of organization and it's an agreement for  
6 FLiK.

7 Q. Looking at the first page, what is that, sir?

8 A. It's an e-mail from Ryan to myself.

9 Q. And that e-mail address that's listed on there, had you --  
10 ryan@avaatlanta.com, had you received e-mails from that address  
11 before from the defendant?

12 A. Yes.

13 Q. And had you sent e-mails to that address to the defendant?

14 A. Yes.

15 MS. SNEED: I would move to admit Government Exhibit 49.

16 MR. LOWTHER: No objection.

17 THE COURT: It's admitted.

18 BY MS. SNEED:

19 Q. You were looking at some of the documents attached to the  
20 e-mail earlier. Did this e-mail include several documents as  
21 attachments?

22 A. Yes.

23 MS. SNEED: Ms. Etienne, if we could display Exhibit 49,  
24 please. And the second page, please.

25 Q. What is that first attachment to this e-mail?

1 **A.** Looks -- it's the articles of organization.

2 MS. SNEED: And if we could go to page four, I think,  
3 Ms. Etienne.

4 **Q.** And what is this second attachment to the e-mail, the title of  
5 it?

6 **A.** It's an operating agreement.

7 **Q.** I'm sorry?

8 **A.** It's an operating agreement.

9 **Q.** And then the next attachment, sir?

10 **A.** It has a list of members on here.

11 MS. SNEED: I think it's page ten, Ms. Etienne.

12 **A.** Oh, got you. Token sale agreement.

13 **Q.** That's a FLiK, LLC, Ownership and Token Sale Agreement,  
14 correct?

15 **A.** Yes.

16 MS. SNEED: If we can go back to page 1, Ms. Etienne.  
17 If you could cull out the text of the e-mail, the whole e-mail.  
18 Thank you.

19 **Q.** Sir, what was the defendant telling you in this e-mail?

20 **A.** He said that he made a change to the ownership and token sale  
21 agreement. Said that he would -- let's see. The company is  
22 offering 540 million tokens of FLiK to the general public at .001  
23 Ethereum. And the sale would begin August 20th, 2017, to  
24 September 20th, 2017.

25 **Q.** What was the date of this e-mail?

1 A. August 13.

2 Q. 2017, correct?

3 A. Yes.

4 Q. And that was before the ICO for FLiK?

5 A. Yes.

6 Q. Did you and the defendant discuss this ownership and token  
7 sale agreement?

8 A. Yes.

9 Q. Who was that agreement for?

10 A. This was for TI.

11 Q. And what did you and the defendant discuss about this  
12 ownership and token sale agreement?

13 A. It says --

14 Q. Well, my question, Mr. Sparks, is more what led to the  
15 defendant sending you this ownership and token sale agreement for  
16 Mr. Harris?

17 A. He wanted me to present the contract to Tip.

18 Q. And would you please read that third paragraph on page 1 of  
19 Exhibit 49, starting with "technically."

20 A. Technically we're issuing 600 million tokens but only 540  
21 million of them are available for sale. 60 million of them,  
22 10 percent, are being sent to me as my compensation. I'm going to  
23 hold mine and exchange it for Ethereum as the value increases.  
24 But I wanted to clarify with selling 540 million tokens, if we  
25 sell all 540 million of them at .001 Ethereum, currently at 29

1 cents, that will raise about 156,600,000 and Tip would get  
2 10 percent of that as 15,660,000. Not bad.

3 Q. Thank you.

4 So that paragraph is basically saying that the defendant  
5 thinks that Mr. Harris would make \$15 million on the deal if it  
6 went through, is that right?

7 A. Yes.

8 Q. Did you believe that was going to happen?

9 A. I hoped it would happen, but, I mean, I haven't seen anything  
10 done like that before, so...

11 Q. Because you would get 5 percent potentially of whatever  
12 Mr. Harris made from the deal, correct?

13 A. Yes.

14 Q. Do you know if the defendant ever disclosed to investors that  
15 he planned to keep 60 million FLiK tokens as his compensation?

16 A. I don't know. I don't know if he disclosed it.

17 Q. Do you know if the defendant ever disclosed to investors that  
18 he intended to hold onto his 60 million FLiK tokens to exchange  
19 for Ethereum "as the value increases"?

20 A. I don't know if he disclosed.

21 Q. Now, let's look at the first document that's attached to this  
22 e-mail. Did you review these documents, these attachments, when  
23 you got this e-mail?

24 A. Yes.

25 Q. And why did the defendant send you this first document, the

1 articles of organizations of FLiK, LLC?

2 **A.** To show me the structure of the company.

3 **Q.** Because you had asked him about the structure of the company?

4 **A.** I can't recall. He sent a lot of information over about FLiK,  
5 so...

6 **Q.** And what sorts of other information did he send about FLiK?

7 **A.** Besides the structure, I guess plans on what streaming -- not  
8 streaming platforms, but we talked about certain films that he  
9 would go after or, you know, stuff like that.

10 **Q.** And why was he sending you that?

11 **A.** I guess we were excited about, you know, the possibility of  
12 building the company.

13 **Q.** And because he wanted you to tell Mr. Harris about it?

14 **A.** Yes.

15 **Q.** And what is the second document attached to Exhibit 49?

16 MS. SNEED: And that is page four, Ms. Etienne.

17 **A.** The operating agreement.

18 **Q.** For FLiK, correct?

19 **A.** Yes.

20 **Q.** And in both the articles of organization and the operating  
21 agreement that are attached to Exhibit 49, who is listed -- what  
22 individual is listed in these documents?

23 **A.** Ryan.

24 **Q.** Is anyone else listed?

25 **A.** No.

1 Q. And if we turn to that third document.

2 MS. SNEED: Thank you, Ms. Etienne.

3 Q. The FLiK, LLC, Ownership and Token Sale Agreement, who are the  
4 parties to this agreement?

5 A. Ryan and Tip.

6 MS. SNEED: And if we could go to that next page,  
7 Ms. Etienne.

8 Q. Are you getting that from the signature lines at the bottom of  
9 the page?

10 A. Yes.

11 Q. And it does not appear to be signed, is that right?

12 A. Yes.

13 Q. Did Mr. Harris ever sign this document, the FLiK, LLC,  
14 Ownership and Token Sale Agreement that was sent to you on  
15 August 13th, 2017?

16 A. No.

17 Q. So let's look at this agreement just so we can be clear.

18 MS. SNEED: If you could go to the previous page,  
19 Ms. Etienne, and cull out the ownership paragraph, paragraph one.  
20 Thank you.

21 Q. Mr. Sparks, what is this agreement promising Mr. Harris in  
22 terms of ownership?

23 A. A thousand shares of stock in the company. And it says  
24 10 percent ownership.

25 MS. SNEED: Ms. Etienne, if we could cull out paragraph

1 three, please. I'm sorry, Ms. Etienne, paragraph four.

2 Q. And what about paragraph four, Mr. Sparks, what is that --  
3 what is that promising Mr. Harris?

4 A. 10 percent of the funds raised from the token sale.

5 Q. Do you know if it was ever disclosed to potential investors  
6 that Mr. Harris might receive 10 percent of funds raised from the  
7 FLiK ICO?

8 A. I'm not sure. I don't know if he disclosed it or not.

9 Q. By "he," who do you mean?

10 A. Ryan.

11 Q. Did Mr. Harris ever receive the ownership shares that are  
12 referenced in this FLiK, LLC, Ownership and Token Sale Agreement?

13 A. No.

14 Q. Did he ever receive, meaning Mr. Harris, 10 percent of the  
15 funds raised from the sale that are referenced in this agreement?

16 A. No.

17 Q. What did you do with this e-mail after you received it on  
18 August 13th, 2017?

19 A. I forwarded it to his management and attorney.

20 Q. Immediately after you received it?

21 A. Not immediately.

22 MS. SNEED: Ms. Etienne, you can close out of that.  
23 Thank you.

24 Q. And, Mr. Sparks, I just placed before you a document that's  
25 been marked as Government Exhibit 50. Do you recognize this

1 document?

2 **A.** Yes.

3 **Q.** What is this?

4 **A.** This is an e-mail from Ryan to myself.

5 **Q.** And it's from that ryan@avaatlanta.com e-mail address again,  
6 correct?

7 **A.** Yes.

8 MS. SNEED: Your Honor, I would move to admit Government  
9 Exhibit 50.

10 MR. LOWTHER: No objection.

11 THE COURT: Admitted.

12 MS. SNEED: Ms. Etienne, if you could pull that up for  
13 me, please. And if you could just cull out the text of the e-mail  
14 and the address. Thank you.

15 BY MS. SNEED:

16 **Q.** Mr. Sparks, what is this e-mail?

17 **A.** It's a -- he signed the agreement and he sent over some assets  
18 for social media.

19 **Q.** And by "he," who do you mean?

20 **A.** Ryan.

21 **Q.** So the defendant is sending you that same token sale  
22 agreement?

23 **A.** Yes. Signed.

24 **Q.** But this time the defendant signed it?

25 **A.** Yes.



1 Q. And what's the date of this e-mail?

2 A. August 15, 2017.

3 Q. This was about two days later, right?

4 A. Yes.

5 Q. After what we saw in Exhibit 49?

6 A. Yes.

7 Q. And I believe you called it assets, the language in the  
8 e-mail?

9 A. Yeah. It was a still image, like a flier.

10 Q. I'm sorry?

11 A. A flier.

12 Q. I'm just focusing -- I think you said the language were  
13 assets?

14 A. Well, the asset would be the flier. The language is basically  
15 a caption and hashtags to use for the assets.

16 Q. Why did the defendant send you the language and the asset, or  
17 the image?

18 A. Typically when people are promoting something, they use  
19 certain language to get attention. So you would use those  
20 hashtags, like #icotokensale, because people search those hashtags  
21 that are interested in ICOs and token sales.

22 Q. And this image at the bottom of Exhibit 50 on page 1, what  
23 does that language say?

24 A. TI joins the FLiK team as co-owner.

25 Q. Did you use this image and that language on Mr. Harris's

1 social media accounts?

2 **A.** No. I don't believe I used this exact image. But I did use  
3 some of those hashtags, but not that exact caption.

4 **Q.** And you're referring to the hashtags that are up in the  
5 part -- up on the first half of the first page of Exhibit 50,  
6 correct?

7 **A.** Yes.

8 MS. SNEED: If we could just cull those out,  
9 Ms. Etienne. Thank you.

10 **Q.** And you're referring to ICO token sale, crowdsale, blockchain,  
11 et cetera, correct?

12 **A.** Yes.

13 **Q.** Now, at the time that you received this e-mail on August 15th,  
14 2017, was Mr. Harris the co-owner of FLiK?

15 **A.** No.

16 **Q.** By August 15th, 2017, had you discussed the deal involving  
17 FLiK with Mr. Harris?

18 **A.** I don't believe that I spoke with him between those two days.  
19 I can't recall exactly when I spoke to him. It might have been  
20 after this.

21 **Q.** And, once more, as you testified, he attached the Ownership  
22 and Token Sale Agreement signed.

23 MS. SNEED: So, Ms. Etienne, if we could go to page 3 of  
24 Exhibit 50, please.

25 **Q.** And, Mr. Sparks, that's the first page of the agreement,

1 correct?

2 **A.** Yes.

3 **Q.** And it appears to be about the same as what you saw on  
4 August 13th, 2017, that the defendant forwarded to you?

5 **A.** Yes.

6 MS. SNEED: And, Ms. Etienne, if we could go to the next  
7 page, please. And if you could cull out the signature lines  
8 there. Thank you.

9 **Q.** Mr. Sparks, who signed this version of the agreement?

10 **A.** Ryan.

11 **Q.** And there is no signature for Mr. Harris, correct?

12 **A.** That's correct.

13 **Q.** Now, do you know if Mr. Harris ever signed this document, this  
14 agreement that you received on August 15th, 2017, from the  
15 defendant?

16 **A.** No, he didn't sign it.

17 **Q.** Did you eventually Tweet about the FLiK ICO from Mr. Harris's  
18 Twitter account?

19 **A.** Yes.

20 **Q.** How many times?

21 **A.** Maybe three or four times, I believe.

22 MS. SNEED: Ms. Etienne, if you could call up Government  
23 Exhibit 16, please.

24 **Q.** Mr. Sparks, on the screen is a Tweet that has previously been  
25 admitted as a government exhibit. Do you recognize this?

1 A. Yes.

2 Q. Is this Mr. Harris's Twitter account?

3 A. Yes.

4 MS. SNEED: Ms. Etienne, if you could cull out the top  
5 half up to the date, please. Thank you.

6 Q. What is the date of this Tweet?

7 A. August 20th, 2017.

8 Q. Did you compose this Tweet?

9 A. Yes.

10 Q. And you posted it?

11 A. Yes.

12 Q. And just for those who don't know, what does the blue  
13 checkmark next to TI means?

14 A. Means it's a verified account.

15 Q. Verified by whom?

16 A. Twitter.

17 Q. And if we look at the hashtags there, are those the same  
18 hashtags that the defendant had sent you in the August 15th, 2017,  
19 e-mail?

20 A. Yes.

21 Q. I don't see an image on this Tweet.

22 MS. SNEED: And, Ms. Etienne, if you can pull out so we  
23 can look at the whole Tweet, please.

24 Q. Did you post that image that the defendant had sent you of  
25 Mr. Harris on this Tweet?

1 **A.** No.

2 **Q.** And did you post any of that language that the defendant had  
3 sent you about TI joins as a co-owner on this Tweet?

4 **A.** No.

5 **Q.** And why didn't you use all of the language that the defendant  
6 had sent you in the August 15th, 2017, e-mail?

7 **A.** Because he hadn't signed the paperwork, so I had to make it  
8 just standard. And it says "FLiK ICO is now open," so I had to be  
9 careful with the language not to say that he was the owner.

10 **Q.** When you said "he" had not signed it, who do you mean?

11 **A.** Tip.

12 **Q.** And so why did you post the Tweet at all?

13 **A.** Because the ICO opened on August 20th.

14 **Q.** And had you and the defendant discussed posting a Tweet for  
15 the ICO from Mr. Harris's Twitter?

16 **A.** Yes.

17 **Q.** Did you expect any money from the defendant for posting this  
18 Tweet?

19 **A.** No.

20 **Q.** Did you expect that Mr. Harris would receive any money for  
21 this Tweet being on his account?

22 **A.** If the ICO was successful, yes. But not just for a post, no.

23 **Q.** So you did not expect payment for just this post in  
24 Exhibit 16?

25 **A.** No.

1 MS. SNEED: And, Ms. Etienne, if we can go to Government  
2 Exhibit 11, please. Are we able to see the top of that? Perfect.  
3 Thank you.

4 Q. Mr. Sparks, on the screen in front of you is a document that  
5 has already been admitted in this case as Government Exhibit 11.  
6 Do you recognize that?

7 A. Yes.

8 Q. And what is that?

9 A. It's a Tweet from August 29th, 2017, with Tip, with FLiK in  
10 front of an image.

11 Q. Did you compose this Tweet?

12 A. Yes. I posted the Tweet.

13 Q. Does anyone else have access to Mr. Harris's Twitter account?

14 A. No.

15 Q. And so the Tweet says, Check out my new #ICO at The FLiKIO,  
16 it's about to change #Hollywood. #Crowdsale. #Blockchain.

17 Why did you use that language specifically?

18 A. Probably -- Ryan probably sent me a caption and I just  
19 modified it. Once again, it was probably to get people excited  
20 about FLiK.

21 Q. Had Mr. Harris agreed to join FLiK as a co-owner at this point  
22 that this Tweet was sent on August 29th?

23 A. No.

24 Q. And I'll ask you the same question I asked about the previous  
25 Tweet, did you expect any money from the defendant for posting

1 this Tweet?

2 **A.** No.

3 **Q.** Did you expect Mr. Harris to receive any money for this  
4 specific Tweet?

5 **A.** No.

6 **Q.** Did the defendant ever ask you to find additional celebrities  
7 to promote the FLiK ICO?

8 **A.** Yes.

9 **Q.** And why did he -- did he tell you why he thought the FLiK ICO  
10 needed celebrity promotion?

11 **A.** It would create a hype behind the ICO, meaning get people  
12 excited about it.

13 **Q.** Did other celebrities reference the FLiK ICO at some point?

14 **A.** Yes.

15 **Q.** Who?

16 **A.** Kevin Hart.

17 MS. SNEED: Ms. Etienne, if you could bring up  
18 Government Exhibit 14, please. If you could just cull out the  
19 full top part to the date. Thank you.

20 **Q.** Mr. Sparks, on the screen in front of you is a document that's  
21 been admitted as Government Exhibit 14. Do you recognize what  
22 that is?

23 **A.** Yes.

24 **Q.** And what is that?

25 **A.** It's a Tweet from Kevin Hart's page saying he was super

1 excited for Tip and his new venture with FLiK.

2 Q. They are going to crush it?

3 A. Yes.

4 Q. And for those who may not know, who is Kevin Hart?

5 A. He's a comedian, actor.

6 Q. Worldwide known --

7 A. Yeah, he's pretty big.

8 Q. -- comedian and actor, correct?

9 A. Yeah. I think everyone knows who Kevin Hart is.

10 Q. Just in case.

11 Do you know how this Tweet arose?

12 A. Yes.

13 Q. How did it arise?

14 A. Ryan spoke with Kevin's manager who had access to the Twitter  
15 account.

16 Q. And how do you know that?

17 A. Well, I was in the office. And I know that they spoke; I saw  
18 them.

19 Q. So you were at the office on 800 Forest Street and you saw the  
20 defendant and Mr. Hart's manager speak?

21 A. Yes.

22 Q. Did you also hear the conversation?

23 A. I can't recall, but I know it was about Kevin Tweeting about  
24 the ICO.

25 Q. And it says in Exhibit 14, Tip's new venture with The FLiKIO.



1 Do you have any understanding as to what new venture, meaning  
2 Tip's new venture, meant? That was a horrible question. Let me  
3 rephrase that.

4 Did you have any involvement with composing this Tweet?

5 **A.** No. Kevin's manager worded it. He was super excited about  
6 it, so it didn't necessarily attach Kevin to any type of ownership  
7 or anything. So basically saying he was just excited for Tip  
8 instead of saying, I'm excited to be a part of it.

9 **Q.** Did you propose any of this language to the Kevin Hart team?

10 **A.** No.

11 **Q.** Do you know if the defendant proposed any of this language to  
12 the Kevin Hart team?

13 **A.** I'm not sure.

14 **Q.** Did the defendant ever tell you that he could find other  
15 celebrities to promote the FLiK ICO?

16 **A.** Yes.

17 **Q.** Who else did he think that he could find?

18 **A.** I know he said he would approach Shaquil O'Neil, or Shaq. I  
19 don't know if everybody knows who Shaq is.

20 **Q.** Well, just in case they don't, who is Shaq?

21 **A.** A former NBA player.

22 **Q.** To your knowledge, was Shaq ever involved in FLiK?

23 **A.** No.

24 **Q.** Besides this Tweet was Kevin Hart ever involved in FLiK?

25 **A.** No.

1 Q. Did the defendant ever ask you whether you or Mr. Harris had  
2 contacts with Lionsgate?

3 A. No.

4 Q. Do you know what Lionsgate is?

5 A. Yes.

6 Q. What is that?

7 A. It's a film studio.

8 Q. Did you ever contact Lionsgate or any other movie or film  
9 studio about licensing content for FLiK?

10 A. No.

11 Q. Do you know if Mr. Harris ever reached out to any movie studio  
12 or distributor about licensing content for FLiK?

13 A. He didn't.

14 Q. Now at some point did you actually forward the FLiK ownership  
15 and token sale agreement to Mr. Harris?

16 A. Yes.

17 Q. And what happened?

18 A. After the attorneys reviewed it, they said that he shouldn't  
19 do the deal.

20 Q. Mr. Harris's attorneys?

21 A. Yes.

22 Q. Have you ever seen a FLiK ownership and token sale agreement  
23 signed by Mr. Harris?

24 A. No.

25 Q. Did you ever come to learn at any point that Mr. Harris had

1 become a co-owner of FLiK at some point?

2 **A.** No.

3 **Q.** Did you ever tell the defendant that Mr. Harris was not going  
4 to sign that agreement?

5 **A.** I don't recall the exact conversation, but I do know we spoke  
6 about it towards the end. But by then, the Tweets had already  
7 been up.

8 **Q.** When you say "spoke about it towards the end," was this before  
9 the ICO ended or after the ICO ended?

10 **A.** It was before the ICO ended, I believe.

11 **Q.** What did you tell the defendant?

12 **A.** That the attorneys, they didn't like the deal, or something of  
13 that sort. I can't remember the exact conversation.

14 **Q.** Did you ever send the token sale agreement signed by  
15 Mr. Harris to the defendant?

16 **A.** No.

17 **Q.** Did you yourself ever buy FLiK tokens?

18 **A.** No.

19 **Q.** Did you ever have access to the FLiK smart contract?

20 **A.** No.

21 **Q.** Are you familiar with what a smart contract is?

22 **A.** A smart contract is -- I'm trying -- I'm trying to word it  
23 correctly.

24 **Q.** Well, I'm just asking if you're familiar with it.

25 **A.** Yes.

1 Q. Did the defendant ever give you access to the private key for  
2 the FLiK smart contract wallet?

3 A. No.

4 Q. Do you know if Mr. Harris ever got a private key to access the  
5 FLiK smart contract wallet?

6 A. No.

7 Q. Did the defendant ever send you any other cryptocurrency?

8 A. Yes.

9 Q. And when was that?

10 A. It was --

11 Q. Was it after the ICO?

12 A. Yes.

13 Q. So about when would that have been if the ICO ended  
14 September 20th, 2017?

15 A. Maybe a month later or so.

16 Q. And why did he send it to you?

17 A. Because he said that it didn't go well, you know. I believe  
18 that it was more so to try and like save face because we, you  
19 know, promoted it and we kind of put Tip out there and it failed.

20 Q. And by "it didn't go well," what do you mean?

21 A. The ICO.

22 Q. Or what did you think the defendant meant? The ICO?

23 A. It didn't raise what he thought it would raise.

24 Q. And do you know how much the FLiK ICO raised?

25 A. No.

1 Q. And how much cryptocurrency did the defendant send you after  
2 the ICO?

3 A. I think at the time it was a few Bitcoin, maybe two or three.

4 Q. Did the defendant ever send any FLiK tokens to Mr. Harris?

5 A. No.

6 Q. Do you know if Mr. Harris ever bought any FLiK tokens?

7 A. He didn't.

8 MS. SNEED: Ms. Etienne, if we can pull up Government  
9 Exhibit 35, please. If you could cull out that middle big  
10 paragraph, please.

11 Q. Mr. Sparks, do you know what Telegram is?

12 A. Yes.

13 Q. Did you know whether FLiK had an official channel on Telegram?

14 A. No. I don't recall.

15 Q. In 2017 did you ever go to Telegram to look at any FLiK  
16 channel?

17 A. No.

18 Q. Showing up on the screen here is a document that's previously  
19 been admitted as Government Exhibit 35.

20 Have you ever been on Telegram at all?

21 A. A couple times.

22 Q. I'm sorry?

23 A. A couple times.

24 Q. So does this look like how the Telegram messages look the  
25 times you've been on it?

1 A. Yes.

2 Q. If you could read that paragraph to yourself and just let me  
3 know when you're done, I would like to ask you a few questions.

4 A. I'm done.

5 Q. Is that a picture of Ryan Felton there --

6 A. Yes.

7 Q. -- with the name? I'm sorry?

8 A. Yes.

9 Q. And it says that his business partner gave his coins to  
10 friends. And then later down it says, And TI -- who I assume is  
11 referencing the business partner -- has agreed to make some  
12 necessary buys on ED in order to provide support for a more  
13 accurate price.

14 Did Mr. Harris ever agree to make buys on ED to provide  
15 support for a more accurate price of the FLiK tokens?

16 A. No. He doesn't even know what ED is.

17 Q. Well, if it were to mean EtherDelta, would that help?

18 A. No.

19 Q. Did Mr. Harris ever give any FLiK tokens to his friends?

20 A. No.

21 MS. SNEED: Thank you, Ms. Etienne.

22 Q. Did you notice if the defendant made any large purchases after  
23 the FLiK ICO?

24 A. Yes.

25 Q. What did you observe?

1 A. A red Ferrari and a big house. I don't know how much the  
2 house cost. It was pretty big.

3 Q. How did you come to see the red Ferrari?

4 A. I rode with him in the car. Like I said, he was my friend, so  
5 we hung out and watched games together.

6 Q. So Mr. FLiK [sic] drove you around in his red Ferrari?

7 A. Yes.

8 Q. Where did he take you where you were able to see his house?

9 A. To watch the game at his house.

10 Q. Did he tell you how he bought the Ferrari?

11 A. No. I can't recall. I mean, Ryan did very well for himself,  
12 so I just assumed he just -- it was time to upgrade.

13 Q. Upgrade from what?

14 A. He had a BMW.

15 Q. Did he tell you what funds he used to buy the house that you  
16 saw?

17 A. No.

18 Q. Was it a house that he had just moved into --

19 A. Yes.

20 Q. -- by the time you saw it?

21 A. Yes.

22 Q. And when was this? I know you said after the FLiK ICO, but do  
23 you recall a more precise date?

24 A. Well, it had to be around football season because we were  
25 watching the games.

1 Q. So in the fall?

2 A. Yes.

3 Q. Did FLiK ever become operational?

4 A. No.

5 Q. Did you ever see a FLiK platform at all?

6 A. No.

7 Q. In any stage of development?

8 A. No.

9 Q. Are you familiar with CoinSpark?

10 A. Yes.

11 Q. What is CoinSpark?

12 A. A trading platform.

13 Q. How did you find out about CoinSpark?

14 A. From Ryan.

15 Q. Was this a company that he was running?

16 A. Yes.

17 Q. Did you buy Spark coins as a part of CoinSpark?

18 A. Yes. I gave him those same tokens he gave me, I sent them  
19 back so we could get CoinSpark.

20 Q. And by "he," who do you mean?

21 A. Ryan.

22 Q. And when was that, where you transferred the tokens he had  
23 given you back to him?

24 A. Probably, I would say, four, five months later, I believe,  
25 something like that.



1 Q. In early 2018?

2 A. Yes.

3 Q. Did you ever trade on the CoinSpark cryptocurrency exchange?

4 A. No.

5 Q. Do you still hold those Spark coins?

6 A. No.

7 Q. You sold them?

8 A. I don't know what happened to the platform.

9 Q. Well, I'm asking specifically about the Spark coins that the  
10 defendant sent to you, or, I guess, you sent him tokens --

11 A. Yes.

12 Q. -- and then he got you Spark coins. What happened to those  
13 Spark coins? Did he send them back to you?

14 A. No. He had access to the platform. I don't know what  
15 happened to them.

16 MS. SNEED: I have no further questions, your Honor.

17 THE COURT: Mr. Lowther.

18 CROSS-EXAMINATION

19 BY MR. LOWTHER:

20 Q. Good morning, Mr. Sparks.

21 A. How you doing?

22 Q. My name is Joshua Lowther, and I represent Mr. Felton.

23 So you and Mr. Felton had known each other for some years,  
24 correct?

25 A. Yes.

1 Q. And you described that you were very friendly?

2 A. Yes.

3 Q. And even though Mr. Harris had not signed the contract that  
4 the government showed you at that time, had FLiK actually been  
5 successful Mr. Harris would have expected at least 10 percent as  
6 promised, and you would have expected your payment also, correct?

7 A. Yes. It -- we did a deal on like good faith. I believed that  
8 my friend would pay us.

9 Q. That's exactly my next question. Even though there was no  
10 signed contract at that moment, you came through on your part and  
11 you would have expected Mr. Felton to come through on his part had  
12 it been successful and not failed, correct?

13 A. Yes.

14 MR. LOWTHER: Thank you, sir.

15 MS. SNEED: No further questions, your Honor.

16 THE COURT: All right. Thank you. And is there any  
17 reason we need the witness to stick around?

18 MS. SNEED: Not from the government.

19 MR. LOWTHER: No, your Honor.

20 THE COURT: Sir, thank you. You're released.

21 (Witness excused)

22 THE COURT: I think this would be a good time to take a  
23 lunch break. Is 45 minutes enough time for all of you? Okay.  
24 Let's all try to be back at about 1:30, then. A few minutes less  
25 than 45. It's a nice round number for us all to shoot for.

1           You're reminded of your instructions for breaks. Have a  
2 wonderful lunch.

3           (The jury exited the courtroom)

4           THE COURT: Y'all can have your seats. Thank you.

5           Counsel, do you anticipate there's anything we'll need  
6 to discuss before the next witness?

7           MR. KITCHENS: No, your Honor.

8           MR. LOWTHER: No, your Honor.

9           THE COURT: If y'all could just be back and ready close  
10 to 1:30 as well, I would appreciate it. Everybody take care.

11           (After a recess, the proceedings continued as follows:)

12                               (Court Announced)

13           THE COURT: Mr. Kitchens or Ms. Sneed, if you're ready,  
14 go ahead and call your next witness. We'll bring the jury around  
15 and then you can formally call them once the jury is here.

16           MR. KITCHENS: Sure. We'll do that, your Honor.

17           MR. LOWTHER: Your Honor, may Ms. Spearman be excused  
18 from the courtroom at 3:00 for about 20 minutes to handle a  
19 matter?

20           THE COURT: Absolutely. Do you need to pause  
21 proceedings? If so, we can.

22           MR. LOWTHER: No, your Honor. Thank you.

23           THE COURT: Of course.

24           Ready for the jury, please. Thank you.

25           Good afternoon.

1 MR. ANDERSON: Good afternoon.

2 COURTROOM DEPUTY CLERK: Sir, if you'll remain standing  
3 until the jury comes in.

4 (The jury entered the courtroom)

5 THE COURT: Y'all can have your seats. Thank you.

6 Hope y'all had a good lunch. Thank you for being back  
7 in a timely fashion. It's appreciated.

8 You can call your next witness.

9 MR. KITCHENS: Thank you, your Honor. The government  
10 calls Tim Anderson.

11 COURTROOM DEPUTY CLERK: Mr. Anderson, if you'll raise  
12 your right hand.

13

14 TIM ANDERSON

15 a witness herein, being first duly sworn,

16 was examined and testified as follows:

17

18

19 DIRECT EXAMINATION

20 BY MR. KITCHENS:

21 Q. Good afternoon, Mr. Anderson. And you can take off your mask  
22 while testifying.

23 Mr. Anderson, where do you currently live?

24 A. In Duluth, Georgia.

25 Q. And can you tell us a little bit about your education.

1 **A.** University of California Irvine, a degree in economics.

2 **Q.** Then after you graduated, tell us a little bit about your work  
3 history.

4 **A.** I opened a video store. And then sold computers. And then  
5 got into satellite distribution, provided commercial satellite  
6 antennas. And then later created my own companies. I was an  
7 international common carrier that we ran telephone traffic out of  
8 Russia. And then ultimately the current company that I have that  
9 does video -- provides all the equipment for video production.

10 **Q.** What's the name of that current company?

11 **A.** DigitalGlue.

12 **Q.** When did you found DigitalGlue?

13 **A.** In 2002.

14 **Q.** Can you tell us a little bit about what work DigitalGlue does?

15 **A.** So DigitalGlue provides the equipment, integration and  
16 software development for the production and distribution of  
17 digital video. So we build out studios, provide all the cameras,  
18 provide all the editing stations, storage, up to the actual  
19 distribution, whether it goes over satellite or over streaming.  
20 And it's all commercial, it's not consumer.

21 **Q.** What type of customers do you have?

22 **A.** We have pretty much every major television network, cable  
23 network, cable provider, government, military and enterprise  
24 customers, so that would include Time Warner, Warner, CW Network,  
25 Turner, Home Depot, just -- DreamWorks. Pretty much every major

1 studio. And educational: FSU, Stanford, number of universities.

2 Q. What are kind of some of the different ways that you managed  
3 and assist companies with distributing their content?

4 A. We provide all the equipment for it, but typically all this  
5 equipment is disparate and doesn't work together. So in general  
6 we actually write custom software that connects it all up together  
7 to make it operate. And we've had our own products, too, that  
8 we've developed through software.

9 Q. About how many employees do you have at DigitalGlue?

10 A. Forty.

11 Q. In 2017, during that time frame, where was your office  
12 located?

13 A. 800 Forest Street.

14 Q. Where is that?

15 A. Downtown. Kind of the west side.

16 Q. In Atlanta?

17 A. In Atlanta, yes, sir.

18 Q. Can you tell us a little bit, describe that office building.

19 A. Sure. It's a combination, it had two studios in a large  
20 two-level building. And around the studios it had office space  
21 available. And then downstairs there was office space available  
22 too. And the corridors led to the offices. It wasn't like --  
23 there was no outside entrance to it other than the front entrance  
24 and then through the studios.

25 Q. About how many different tenants or companies were in that

1 building?

2 **A.** I would say 20 to 30.

3 **Q.** In 2017 or 2018 who was it that controlled or operated the  
4 studio space that you described?

5 **A.** AVA. AVA was the name of Ryan's company. So they had the two  
6 studios that were there.

7 **Q.** Is that Mr. Felton?

8 **A.** Yes.

9 **Q.** So how was it that you first met Mr. Felton?

10 **A.** So I first got introduced -- my son did a student film in  
11 2011, and he and his wife were in that film. And then when he  
12 opened in, I think, October or December of 2016, my son and  
13 daughter-in-law went down there to film the opening of the studio.  
14 And in turn they said that it would be a good opportunity for us  
15 to get offices there. So in June the following year we opened up  
16 offices there. And that would have been the first time that I  
17 kind of went over and met Ryan. And there was another -- there  
18 was a management company that was at that point running the  
19 office, you know, the space that we negotiated with.

20 **Q.** And so I can try to get my timing straight, I think you said  
21 it was January of some year, roughly, that you moved in?

22 **A.** It was June of -- I think it was 2017.

23 **Q.** June of 2017 when you think you moved in?

24 **A.** I believe that's when we moved in. And then the studio opened  
25 up in, I think, October, December of 2016.

1 Q. So the studio was before that?

2 A. Yes. They opened the studios. We came in later on to get  
3 office space --

4 Q. I see.

5 A. -- that became available.

6 Q. Did you socialize with Ryan Felton?

7 A. In that his offices were right when you walk in the front  
8 door, so, yeah. We said hi, were cordial. Never did anything or  
9 went anywhere outside of the office itself. So it was just  
10 friendly, casual like you would do with anybody in the building  
11 itself.

12 Q. Okay. So chitchat with an office neighbor?

13 A. Correct.

14 Q. Did you ever -- however, go outside, grab dinner, go do --

15 A. No, sir.

16 Q. -- anything else outside of work?

17 A. No.

18 Q. Were there points where you discussed business with Ryan  
19 Felton?

20 A. Yes. I would -- well, I -- one, obviously with what we do and  
21 being in the studio, explain to him, and/or my salespeople did,  
22 what business, you know, services we could provide, which in turn  
23 then, you know, he could potentially run customers to us. And  
24 then as -- walking in and out he would describe some of the  
25 projects he was working on, raising money for a film, et cetera,



1 and/or whatever talent was going to be in the studio at times.

2 **Q.** And so were there times when either one or both of you were  
3 looking for opportunities to work together?

4 **A.** I would -- I would say that there wasn't really things that he  
5 would be providing -- well, actually, we scheduled the studio at  
6 one point for a vendor for education, which was we were going to  
7 use it to teach out of. But in general we weren't booking studio  
8 work. So it was mostly things that we could provide to him and  
9 the productions.

10 **Q.** And did there come a point in time when Mr. Felton approached  
11 you about a potential project?

12 **A.** So we -- through the salespeople -- or through one of my  
13 salespeople they explained that they had this opportunity for FLiK  
14 and the ICO. And it was a streaming platform. And then I spoke  
15 in the hallways to say certainly we're in a position to be able to  
16 provide that service -- you know, those services to you if you  
17 need a vendor to do that.

18 **Q.** Let's break it down just a little bit.

19 What was your understanding when you first heard about FLiK,  
20 about what FLiK was going to be?

21 **A.** So I went to the website was the main point. And it was a  
22 streaming platform that allowed independent producers and  
23 production films to distribute their content and get the lion's  
24 share of the income generated from it. So it was a streaming  
25 platform to compete with a Netflix but independently-generated

1 content.

2 **Q.** And was Mr. Felton interested in using DigitalGlue's services?

3 **A.** Oh, I think so. Yeah, it -- we -- obviously with the  
4 customers we had and the fact of -- the proximity, we certainly  
5 were very well qualified, you know, to provide that service to  
6 him.

7 **Q.** Did you have an initial discussion with Ryan Felton about what  
8 FLiK was?

9 **A.** I think just in generalities. I got the majority of the  
10 information from the website. So I think, you know, yeah, just an  
11 overview maybe at best.

12 **Q.** Let me show you what's been marked as Government Exhibit 55.  
13 Mr. Anderson, do you recognize what this is?

14 **A.** Yes. It is --

15 **Q.** What is it?

16 **A.** The September -- so I think the idea was that we were going to  
17 have an initial discussion of, I guess -- they had their  
18 whitepaper and an additional overview of -- let's see. So I guess  
19 at that point --

20 **Q.** And, sorry, Mr. Anderson. Before we go into more substance,  
21 just in general, what is the document that you're looking at?

22 **A.** Oh, it's an invitation for a meeting.

23 **Q.** And is this an invitation that you received?

24 **A.** Yes. Yes.

25 MR. KITCHENS: Government offers Exhibit 55.

1 MR. LOWTHER: No objection.

2 THE COURT: It's admitted.

3 MR. KITCHENS: If we can switch over to -- thank you,  
4 Ms. Oduka.

5 Let's try to bring up the top and the text itself, see  
6 if that helps a little bit. Great.

7 BY MR. KITCHENS:

8 Q. All right. Mr. Anderson, just a few questions about this.  
9 What was the date of -- of this teleconference with FLiK?

10 A. December 14th, 2017.

11 Q. And do you remember participating in this telephone  
12 conference?

13 A. Yes.

14 Q. Who was it that you remember participating?

15 A. Michael Jackson, Ryan and myself. I don't remember the other  
16 two people being there.

17 Q. The other two, the Jimmy and Matthew, you don't remember them?

18 A. No.

19 Q. Who is Michael Jackson?

20 A. He was a salesperson for me that was handling that account or  
21 his account.

22 Q. And it looks like in the invitation itself there's a link  
23 below the title of "The FLiK Streaming Video on the Blockchain."  
24 Do you recognize what that link was?

25 A. Yeah. It was to their website of which they have an overview

1 video, the information about the company, and then they had a  
2 whitepaper to describe what technology they were going to be  
3 using.

4 Q. And did you view those and actually review that material?

5 A. I think this -- yes. This was an initial kind of  
6 get-to-understand-what's-going-on discussion of what -- what steps  
7 forward. So, yes.

8 Q. And then during the telephone conference itself, what do you  
9 recall happening?

10 A. I think we discussed with them about their ICO, what their  
11 need was, and the procedures that we would go through to quote  
12 them and, you know, help them build out the network.

13 Q. What was it specifically that Mr. Felton had in mind that  
14 DigitalGlue would do for FLiK?

15 A. We would provide the streaming platform. So that would  
16 include where -- the video files, the content, the servers they  
17 would get stored on. And, in turn, any transcoding or preparation  
18 that it needed to be distributed, have the CDN or the delivery  
19 mechanism to deliver the content. And then also have the  
20 interfaces for the mobile devices and/or web pages and/or boxes,  
21 Apple TV-type boxes, to operate on.

22 So it would be everything -- and the subscriber management.  
23 So it didn't -- it wouldn't be the payment system. He had had  
24 that arranged, but it was pretty much from files coming in to  
25 being delivered was what we were in a position to be able to

1 provide.

2 **Q.** Would you be providing any content?

3 **A.** No, sir.

4 **Q.** You would just be providing basically the nuts and bolts, this  
5 is how, the exchange itself and the platform, if you were a user  
6 you could view content?

7 **A.** Correct.

8 **Q.** After you had this meeting and reviewed things on the website  
9 and reviewed the whitepaper, what was your reaction to this?

10 **A.** Well, one, at that point the concept of an ICO was new. And  
11 it was interesting. And I'm a technology person. But, otherwise,  
12 we were -- we had done a similar thing recently for another  
13 client, so we were in a strong position to execute quickly. And  
14 just like -- you know, he was somebody in the building that we  
15 would take care of. So I would do like any other customer and set  
16 up the steps for success, what we would need to -- what the next  
17 meeting would be and where we would go from there.

18 **Q.** Now, at the time did you have an understanding of who else was  
19 involved with FLiK?

20 **A.** Just from the website. So -- yeah, just from the website.

21 **Q.** And who did you hear was involved based on what you saw on the  
22 website?

23 **A.** TI and -- which he listed as a co-owner on the website. And  
24 then another gentleman who was an advisor that I had never met or  
25 heard before. He had a BitPay -- he had a service and looked like

1 he was successful in the industry.

2 Q. Now, did TI himself, did he also have office space in the same  
3 building?

4 A. Yes. It was just right across the hall from us.

5 Q. Did you ever talk with TI himself about FLiK?

6 A. No.

7 Q. In fact, did you ever talk with anyone else, any other FLiK  
8 representative about FLiK other than Ryan Felton?

9 A. No.

10 Q. After kind of these initial discussions and your learning more  
11 about the project, did you have a more formal meeting?

12 A. Yes.

13 Q. We'll talk about that in a second.

14 You mentioned that from kind of that initial conversation you  
15 didn't really have before that an understanding of what an initial  
16 coin offering was. What did Ryan Felton tell you about the  
17 initial coin offering?

18 A. During the meeting that we had, the subsequent meeting?

19 Q. We can -- was it -- just want to be clear. Did he talk about  
20 it at that phone call or was it in the subsequent meeting?

21 A. I think the phone call was -- if there was a discussion, it  
22 just related to how the tokens were going to be utilized and then  
23 maybe even the time frame of what was going on. But -- so that --  
24 it was, in general, just kind of how and the timing for what they  
25 were doing on it.

1 Q. I see. Okay.

2 And so where did you meet and have this formal meeting with  
3 Ryan Felton to discuss the FLiK project?

4 A. In our offices.

5 Q. And who was at that meeting?

6 A. It would have been Ryan and Michael Jackson, our salesperson;  
7 Nick Anderson, who works for us; and then Steve Propone  
8 (phonetic). So there were five of us, I believe.

9 Q. I'm going to show you what's been marked as Government  
10 Exhibit 56.

11 Mr. Anderson, do you recognize this document?

12 A. Yes.

13 Q. What is it?

14 A. It was the agenda prior to the meeting. So what I wanted to  
15 do was frame a number of questions so we would be in a position of  
16 where we would get a better sense of providing him a design  
17 proposal.

18 Q. Who was it that sent this e-mail?

19 A. Who sent it? I sent it, I believe.

20 MR. KITCHENS: I'll offer Government Exhibit 56.

21 MR. LOWTHER: No objection.

22 THE COURT: It's admitted.

23 MR. KITCHENS: Thank you.

24 BY MR. KITCHENS:

25 Q. And so just to kind of orient us -- ourselves in terms of the

1 timing, what was the date for this meeting?

2 **A.** November 6th, 2017.

3 **Q.** And I think you described that you attached an agenda as part  
4 of that, is that correct?

5 **A.** Yes.

6 MR. KITCHENS: Can we look at the next page of this  
7 document.

8 **Q.** Who was it who prepared kind of these talking points or  
9 discussion points for the meeting?

10 **A.** I did.

11 **Q.** What was really your goal? What were you hoping to get out of  
12 this meeting?

13 **A.** To, again, qualify what their -- you know, what their platform  
14 or what hardware and services that they needed. So they were  
15 definitely important. Every one of these ones would need to be  
16 answered for me to be able to eventually provide a proposal for  
17 them.

18 **Q.** It looks like just looking through -- I'm not going to go  
19 through each of these points. It looks like in reviewing them  
20 that there's a series of technical questions about what he wants  
21 for the capability of the platform, is that fair?

22 **A.** Correct.

23 **Q.** Are those things that you would ask to try to figure out what  
24 it's going to take on your end to build this platform?

25 **A.** Correct. Yeah.



1 Q. If we look at the top where it talks about the purpose --

2 A. Uh-huh (affirmative).

3 Q. The last sentence there it says, Estimate project, milestones  
4 and time frame.

5 Was that something that you discussed in that meeting with  
6 him?

7 A. Yeah. I think we -- coming out of there we said the next  
8 step, which I was going to provide them a proposal, of which for  
9 the most part in a project like this you have to create a design  
10 of what the network would be, and there would be a charge for  
11 that. And after that was done, that would give him a blueprint of  
12 what he needed and budgetary costs.

13 Q. Did you give him some sort of sense about how long it may take  
14 to build this platform in that initial meeting?

15 A. So the -- yeah, that it would be about 45 to 60 days to do the  
16 design, to design the -- pretty much the document of where we  
17 would go forward. And then because we had had similar projects  
18 going on at the same time, depending on how quickly they needed  
19 it, then we could do it within three to six to nine months  
20 depending on what features and we could roll it out.

21 Q. If I look at point six of this, it says, What is the pricing  
22 and payment model? Is that something that you discussed in that  
23 meeting?

24 A. Yeah. We discussed at every one of these, you know, each one  
25 of these. And it was going to be either their coin, the ICO coin

1 or they were taking Bitcoin. And he already had a payment company  
2 lined up to handle it. And the reason I wouldn't [sic] want to  
3 know that is because part of the transaction, subscriber  
4 management, we would have to connect -- write software to connect  
5 to them to handle the transaction, so that was to determine that  
6 in the design.

7 **Q.** And is that something you would need to figure out how the  
8 revenue is going to be coming into FLiK for the platform to work?

9 **A.** No, just where passing information through, getting it  
10 approved and I assume they clear it. So we wouldn't handle any of  
11 the cash.

12 **Q.** Now, let's look at that last point, Are there any statements  
13 made during and after the ICO relating to the technology and time  
14 frame that must be delivered? So just an initial question first.

15 I think just a few moments ago you indicated that there was  
16 kind of more of a discussion about the ICO in this meeting?

17 **A.** Uh-huh (affirmative).

18 **Q.** What did Ryan Felton tell you about the ICO?

19 **A.** That it had been kind of -- explained how ICOs at that point  
20 work. And that it was the -- kind of the whole thing was a Wild  
21 West, that there -- you know, that it was, you know -- I think one  
22 of my questions was is that -- you know, what requirement are you  
23 under to deliver a product, of which he said it was kind of the  
24 Wild West and there was no over -- the SEC was not monitoring  
25 this, so there was actually no real requirement to -- you know, or

1 time frame that he was required to deliver within.

2 **Q.** So is he telling you he did not specifically have to deliver  
3 something in return for the money he raised in the ICO?

4 **A.** Correct. He didn't say he wasn't going to do it, but he -- I  
5 was looking for urgency to get to it. And he was saying that they  
6 were not under a time constraint to where they had to get it  
7 delivered.

8 **Q.** What was your reaction to hearing that?

9 **A.** Kind of surprise, you know, that I would -- you know, yes. So  
10 I was surprised that there would not be, you know, a rush to get  
11 it done, you know, quickly and/or that -- you know, that after  
12 raising money that you would -- you know, you weren't required to  
13 do it, I guess that would be the -- it was -- yes.

14 **Q.** Did he tell you how much he had raised?

15 **A.** He said approximately \$20 million.

16 **Q.** Did he tell you what he was planning on doing with that money  
17 if he felt he was not required to do things on any sort of  
18 timeline?

19 **A.** He -- in discussions with them and even on their kind of  
20 website they described where the money was going to be going to.  
21 And as I discussed with him kind of ongoing, his major cost or  
22 concern was content, buying libraries and other things. So the  
23 technology was somewhat secondary to, you know, to that function.

24 **Q.** Did that raise any concerns for you?

25 **A.** Yeah. I mean, I -- certainly, yeah. We were cautious. We

1 had lots of government and other employees and it was -- I would  
2 say that the caution isn't in it [sic] was that since he was in  
3 the office, he was somebody, you know, that we were socializing  
4 with and he had gone through and raised this money, I wanted to  
5 make sure that I was in a position that he could carry out that  
6 task, you know. And rather than walk away, I would want to  
7 actually have the people that invested the money get something for  
8 their value.

9 **Q.** Did that -- at the time of this meeting did that seem to be  
10 Mr. Felton's primary focus?

11 **A.** He didn't say that it wasn't. He was still interested in the  
12 technology, getting content, all the -- you know, all the wheels  
13 were working from what...

14 **Q.** Following this meeting, what were sort of the next steps?

15 **A.** So with that, the next step after getting the feedback from  
16 here was to provide kind of a budgetary idea, you know, proposal  
17 for what it would cost for us to create this design for him, the  
18 equipment it would need -- would be needed, the services, how  
19 the -- all the pieces would go together.

20 **Q.** And did you provide a proposal or design for how this would  
21 work?

22 **A.** Yes, sir.

23 **Q.** I'm going to show you what's been marked as Government  
24 Exhibit 57. Mr. Anderson, do you recognize what this is?

25 **A.** Yes.

1 Q. What is it?

2 A. The e-mail with the budgetary proposal that I provided.

3 Q. And this was a document that you provided?

4 A. Yes, sir.

5 MR. KITCHENS: We offer for admission Government  
6 Exhibit 57.

7 MR. LOWTHER: No objection, your Honor.

8 THE COURT: It's admitted.

9 MR. KITCHENS: Can we pull that up. Thank you,  
10 Ms. Etienne.

11 BY MR. KITCHENS:

12 Q. If we just look at the top. Who did you send this budgetary  
13 proposal to?

14 A. Directly to Ryan.

15 Q. What was the date that you sent this proposal?

16 A. The 12th of December, 2017.

17 Q. Was that roughly a month after that initial meeting?

18 A. Correct. Yes.

19 Q. And then let's look at the next page. Is this the proposal  
20 itself that you provided?

21 A. Yes.

22 Q. And is this something -- who was it that prepared this  
23 document?

24 A. I did.

25 Q. So if we look at the overview at the top, just in general what

1 was DigitalGlue proposing in terms of how the sequence of how this  
2 would work?

3 **A.** It was two phases. So one was a functional spec and budgetary  
4 proposal. And the second was to actually implement and build out  
5 the platform.

6 **Q.** And is this something that's fairly common when you're working  
7 with clients?

8 **A.** Yes, for sure. 100 percent.

9 **Q.** So what work in that initial phase one is really being  
10 conducted by DigitalGlue?

11 **A.** So what we would actually do is to, again, ask more questions,  
12 provide a -- pretty much a complete design. You can see at the  
13 bottom it has the streaming, all these one, two, three, four,  
14 five, six, seven different parts of what the platform consists of.  
15 So we would have analyzed each one of these steps, asked  
16 questions, determined what they needed. And then in their part  
17 of the initial proposal -- or the initial discussion that we had  
18 before was whether they wanted to purchase all the equipment and  
19 the software to do it, or whether they wanted us to offer it as a  
20 service, or whether they, you know, we could offer it as a service  
21 and they would house it. So there's different choices of how we  
22 would go about providing it to them.

23 **Q.** So are you giving him kind of a menu of different options?

24 **A.** Yes. We could have turnkeyed it. I mean, that was...

25 **Q.** If we look below that heading of Phase One, what was the time

1 frame you projected for basically DigitalGlue to put together this  
2 initial budgetary proposal?

3 **A.** Forty-five to sixty days.

4 MR. KITCHENS: If we can please turn, Ms. Etienne, to  
5 page four. I'm sorry -- there we go. Perfect.

6 **Q.** All right. What was phase two going to be?

7 **A.** So the idea would be that we would give them pretty much a  
8 complete design that would be what one would term kind of a  
9 shopping list. So it would be broken down by different features  
10 and platforms or, again, devices it could go to. And like we had  
11 done with other clients that we provide this design document, we  
12 give it to them and they can go hire somebody else to do it. It  
13 isn't tied to us. It is, Here is a design. You can go shop it.  
14 You've paid us for that consulting work. Hopefully we've done the  
15 job right and you want to get it through us.

16 **Q.** But that initial phase one proposal is something that would  
17 have value itself and they could take it to other people to build  
18 out?

19 **A.** Correct. It's consulting. It gave them a blueprint for  
20 success or at least a good start of it.

21 **Q.** So if we look at the next page, what was going to be the cost  
22 for basically this consulting services to put together this  
23 proposal for FLiK?

24 **A.** It was \$35,000. We had had a company -- and that was a  
25 combination of travel and engineering and consulting. And there

1 was some different people throughout the United States and someone  
2 from Uruguay that was going to come up to meet and -- again, we  
3 felt there was a level of urgency. So to come up with this in  
4 less than 60 days, we would have pulled out the stops to make it  
5 happen.

6 **Q.** Did you talk with Mr. Felton about leaving aside this  
7 consulting cost if they decided to go forward, actually build out  
8 the platform, move to the phase two part of the process, the  
9 implementation, how much would that cost?

10 **A.** Yeah. I estimated it to be anywhere between 250,000 to  
11 \$500,000. I mean, that's -- what you've got is the cost of  
12 getting everything in place, all the software and everything, but  
13 then you've got an ongoing network cost and maintenance and other  
14 things you have. So that would be the upfront cost to build it,  
15 and then you would have an ongoing cost of keeping it running.

16 **Q.** Roughly how long was that phase two? The actual creation of  
17 the platform and implementation of it, how long would that take?

18 **A.** Again, I think that, you know, we said that there was an  
19 existing customer and/or technology in place that we could have  
20 gotten up and running in six months or less and then expanded out  
21 as needed.

22 **Q.** So roughly from like the time of this meeting, which is  
23 December 2017, to completion of -- if they decided to go forward  
24 with everything and decided to use DigitalGlue, at what point  
25 would FLiK have had in theory an operating platform?



1 **A.** Less than nine months, six to nine months.

2 **Q.** And under the payment terms what was required -- if you wanted  
3 to even go forward with that initial cost, just the \$35,000  
4 consulting cost, what was required for payment?

5 **A.** To sign the agreement and provide half, 17-and-a-half thousand  
6 dollars up front.

7 **Q.** Was this proposal ever signed by Mr. Felton?

8 **A.** No.

9 **Q.** Was it ever signed by anyone at FLiK?

10 **A.** No.

11 **Q.** Did FLiK ever proceed to phase one -- even phase one with  
12 DigitalGlue?

13 **A.** No.

14 **Q.** And ultimately was any agreement ever reached between FLiK and  
15 DigitalGlue?

16 **A.** No.

17 **Q.** Did FLiK ever provide any payment at all to DigitalGlue?

18 **A.** No.

19 **Q.** Did DigitalGlue ever provide any work at all for FLiK?

20 **A.** Other than preparing these documents, no.

21 **Q.** What was your reaction to the fact that Mr. Felton did not  
22 even go forward with the phase one?

23 **A.** I was surprised that upon learning, you know, how much money  
24 he had raised that he wasn't willing or ready to pay \$17,250 out  
25 of that large amount to actually begin this process. And then in

1 my mind, even if I had not planned on delivering the product or  
2 creating the platform, I would have at least made an attempt to go  
3 forward and have it designed, and say it failed otherwise. So it  
4 was surprising to me that even -- he wouldn't go through the  
5 motions with the money.

6 **Q.** From your conversations with Mr. Felton, did he ever tell you,  
7 Thanks for the proposal. We've decided to go somewhere else?

8 **A.** No, it was -- it was still being considered. And, again,  
9 they -- everything was focused from those conversations beyond to  
10 acquiring content, that the majority of his money was going to be  
11 buying a library of content or getting produced content.

12 **Q.** So from your conversations with Mr. Felton, did he indicate he  
13 was moving forward with anyone in terms of developing a platform  
14 itself?

15 **A.** No. I mean, again, I think the assumption was we were there,  
16 we could do it, he knows us. When he's ready to do it, he was  
17 going to be using us.

18 **Q.** Did that day ever come where he asked DigitalGlue to do any  
19 services?

20 **A.** No.

21 **Q.** Now, despite that, did FLiK nevertheless make statements to  
22 the public about DigitalGlue?

23 **A.** So, yes, that there was -- yes. There was online, through  
24 blogs and other things, that we were the selected vendor for the  
25 network.

1 Q. And how did you learn about some of those public statements  
2 that were being made by FLiK regarding DigitalGlue?

3 A. A combination of our salesperson seeing them, and then in  
4 turn, some people reaching out to us that invested in the ICO that  
5 were asking us questions about us delivering the platform.

6 Q. Let me show you what's been marked as Government Exhibit 58,  
7 Mr. Anderson. Do you recognize this?

8 A. Yes, sir.

9 Q. What is it?

10 A. It's a correspondence, e-mail correspondence between Ryan and  
11 myself about somebody who had contacted us through our website  
12 inquiry about the platform and FLiK.

13 MR. KITCHENS: Government offers for admission  
14 Government Exhibit 58.

15 MR. LOWTHER: No objection.

16 THE COURT: It's admitted.

17 MR. KITCHENS: Can we please look at the second page of  
18 this document. Let's start from the bottom of this chain first.  
19 On the second page, please. Perfect. Yeah. If we can look at  
20 where it says the forwarded -- that's perfect actually, where you  
21 had it. You're exactly right. Thanks, Ms. Etienne.

22 BY MR. KITCHENS:

23 Q. Starting at the bottom of the e-mail chain, what was the first  
24 e-mail?

25 A. The very top of the page you want me to --

1 Q. I'm sorry. I'm looking at page two, the very first e-mail at  
2 the bottom of the chain.

3 A. At the bottom. Okay. Yes.

4 So it's a person coming in saying that they wanted to invest a  
5 huge amount in FLiK, and, you know, asking us, is it true that  
6 we're building the platform for them. And, you know, that they  
7 were saying that we were and wondered if it was true, of which,  
8 obviously, if you go to our website, we're providing all the  
9 equipment for every major broadcaster, so we were clearly in a  
10 position to deliver on what was needed.

11 Q. What was the date of this question, if you look at the e-mail?

12 A. November 2nd.

13 Q. So was this before you even had that first sit-down meeting  
14 with Mr. Felton?

15 A. Correct.

16 Q. What did you do when you received -- when DigitalGlue received  
17 this question from the investor about what DigitalGlue would do  
18 with FLiK?

19 A. Well, one is surprising concern that people were contacting us  
20 directly about this. And especially because we didn't have at  
21 that point any discussion or agreement in place.

22 And, two, was what -- I'm not -- we're not in the business to  
23 respond to people relating us or making any claims about doing the  
24 network. It's our customer who is in charge of communicating with  
25 their clients or their investors.

1 Q. If we just look at the top and carrying over to the first  
2 page, who did you forward this e-mail to?

3 A. To Ryan.

4 Q. If we look at the first page, were these just further  
5 communications with Ryan Felton about setting up a time to talk?

6 A. So, yeah. So I was pretty much how -- I was just asking, Hey,  
7 how do we -- how do you want us to respond?

8 And he was going to give me a call. So we -- I think we spoke  
9 on the phone. And he said that he would handle it, that he would  
10 just take care of any, you know -- any correspondence with any  
11 other people, that he would handle it directly.

12 Q. Now, did this stop at that point? Did that stop the investors  
13 reaching out to DigitalGlue to ask about FLiK?

14 A. This was the only -- as I remember, this was the only person  
15 that continued to contact us or that had any -- I believe he was  
16 the only one to contact us directly that I remember.

17 Q. Did he contact you after November 2nd, 2017?

18 A. Yes.

19 Q. Let's look at one more document along this line. I'm going to  
20 show you Government Exhibit 59. Mr. Anderson, do you recognize  
21 this?

22 A. Yes.

23 Q. What is this e-mail?

24 A. So, again, the -- the original e-mail came from this person.  
25 Now we're at May 20th, 2018, which is months later. I believe

1 probably over the course of the time he had sent potentially other  
2 e-mails wanting to know what's going on. And on this one he's  
3 reached the -- for the most part the end, thinking that it's a big  
4 scam and that we're in a position and that we've taken money from  
5 him, my company.

6 **Q.** And were you part of this e-mail chain?

7 **A.** The -- yeah. It came into our -- well, it came into sales of  
8 DigitalGlue, so it was a general mailbox where it went into. So,  
9 yes.

10 MR. KITCHENS: We offer for admission Government  
11 Exhibit 59.

12 MR. LOWTHER: No objection.

13 THE COURT: Admitted.

14 BY MR. KITCHENS:

15 **Q.** All right. So let's look at the second page again, in the  
16 very first e-mail that's starting this chain.

17 So you mentioned that's the same investor. Is this roughly  
18 six months -- a little more than six months after that e-mail we  
19 just looked at?

20 **A.** Correct.

21 **Q.** And what's he asking you this time?

22 **A.** Are we still working together with FLiK and Ryan Felton. And  
23 it's saying that -- he's saying that we still are working  
24 together. And in that case, it turns out the whole project is a  
25 scam. You guys are responsible, too.

1 Q. What was your reaction to receiving this?

2 A. To be in a situation where I was concerned on protecting our  
3 reputation and our company, so -- yeah. It had boiled up to a --  
4 not a good point.

5 Q. And this was five or six months after you had sent that  
6 budgetary proposal to Ryan Felton?

7 A. Correct.

8 Q. Had he indicated to you at all that he was prepared to go  
9 forward or thinking about going forward?

10 A. Not -- no. He hadn't given us the go-ahead on anything.

11 Q. Now, let's look at the first page. And I want to bring up  
12 your e-mail at the bottom of that first page.

13 Did you forward that e-mail to Mr. Felton?

14 A. Yes.

15 Q. What did you tell him?

16 A. I said, This person keeps contacting us. If you are sued for  
17 any reason, I want to make sure we're not added to a lawsuit.

18 And then at that point I had seen, you know, where on his  
19 website that he has that they selected us for the build-out. It  
20 was still on the website. And I'm saying, you know, If you decide  
21 not to deliver the network, we definitely don't want our  
22 reputation tarnished, maybe remove the blog post until you decide  
23 if you/we are going to do it. How should I respond to him?  
24 Thanks.

25 Q. So you provided a link as you mentioned to a blog post?

1 **A.** Yes.

2 **Q.** Was that a blog post you checked out at the time?

3 **A.** Correct. Yes.

4 MR. KITCHENS: Can we bring up, please, Government  
5 Exhibit 8. Let's look at the third page. There we go. Can we  
6 blow that up.

7 **Q.** Mr. Anderson, was that the blog post that you saw and provided  
8 a link to?

9 **A.** Correct.

10 **Q.** And what was the date for that blog post?

11 **A.** It's August 14th, 2017.

12 **Q.** So is that roughly three months before your first sit-down  
13 meeting with Ryan Felton to even discuss DigitalGlue?

14 **A.** So, yes. So, yes. This would have been, yeah, prior. Yes.

15 **Q.** And if we look at --

16 MR. KITCHENS: Can we go back to Exhibit 59. And then  
17 that e-mail just at the bottom again.

18 **Q.** So that same blog post, you saw that still up on May 21st,  
19 2018?

20 **A.** Correct.

21 **Q.** So roughly nine months later you saw that blog post still up?

22 **A.** Correct.

23 **Q.** And at this point had DigitalGlue done anything for FLiK other  
24 than preparing those two proposals?

25 **A.** No.



1 Q. What was your reaction to the fact that you saw this post  
2 still up on the FLiK website for more than nine months by this  
3 point?

4 A. That I wanted to, you know, talk to Ryan to -- and, again,  
5 since he was in our offices, I saw him every day, was cordial to  
6 him, I wanted to give him the chance to respond. I mean, if it  
7 would have been somebody else, I would have had our attorneys, you  
8 know, provide a cease and desist that you can -- and take  
9 everything down and do something different.

10 But, again, I had not -- every time I talked to him, he talked  
11 about acquiring content. He never stated that he was not going to  
12 deliver the network, and that we were still the people who he  
13 would use to do it when it was the time.

14 MR. KITCHENS: We can take this down.

15 Q. Were you aware of FLiK making -- and Ryan Felton making other  
16 statements about DigitalGlue?

17 A. Yeah. I guess before the ICO -- I guess the answer is yes.

18 Q. What were the statements that you became aware of Ryan Felton  
19 making about DigitalGlue?

20 A. Later we found it on a blog about that FLiK was very excited  
21 because the American Forces Network, which is one of our clients,  
22 which provides 12 channels of video and 30 channels of radio  
23 programming worldwide to actually everybody in the United States,  
24 to every State Department location, every retired military person,  
25 every base, every embassy, and we built the infrastructure for

1 them on that. So in the blog post it said that they were really  
2 excited because there was an opportunity to get FLiK content on  
3 the AFN network.

4 **Q.** Let me try to parse that out a little bit.

5 Did DigitalGlue, in fact, have a contract and do work with the  
6 US Military?

7 **A.** Yes.

8 **Q.** And was that basically a digital set-top box?

9 **A.** Correct. We provided the transmission equipment and the  
10 set-top box that went to the Army PXs all around the world to  
11 receive the signal.

12 **Q.** If you're a service member or at any base, wherever you may be  
13 stationed around the world, you could see the content based on  
14 these set-top boxes that DigitalGlue helped provide?

15 **A.** Correct.

16 **Q.** And who was it who ultimately determined what sort of content  
17 would be on that military set-top box?

18 **A.** The American Forces Network. We had nothing to do with  
19 programing.

20 **Q.** You're just, again, providing the nuts and bolts, the guts --

21 **A.** The delivery mechanism, exactly. Yeah.

22 **Q.** Did you talk about that set-top box with Ryan Felton?

23 **A.** I did not personally. We had one of the boxes out in our  
24 office, but, yes. I mean, we had press releases on our website  
25 about it. But, no.

1 Q. Did you ever have any discussion with Mr. Felton about loading  
2 FLiK on a military set-top box?

3 A. No.

4 Q. Was that something that was even a possibility?

5 A. No.

6 Q. Why is that?

7 A. The US Military, it's -- yeah. Their programming, they go  
8 major -- they don't take third-party programming. They have deals  
9 with the major networks. And then they create their own content.  
10 So they would never be in a position where they would take anybody  
11 else's content, because they also did not pay for the content, or  
12 if they did, it was provided at very low cost or free for the  
13 military.

14 MR. KITCHENS: Can we please bring up Government  
15 Exhibit 22-B. B, I'm sorry. 22-B as in boy. Great. Can we  
16 please bring up that post at the bottom.

17 Q. Mr. Anderson what I want to focus your attention on is the  
18 point number four. Do you see at the top, the 12:51, it's a  
19 statement by Ryan Felton?

20 A. Yes.

21 Q. And then if you look at point number four -- let me know after  
22 you've had a chance to read that.

23 A. Uh-huh (affirmative). Yes, sir.

24 Q. Was that essentially the nature of the claim that you remember  
25 FLiK was making about the military set-top box?

1 **A.** Correct.

2 **Q.** And was this claim accurate?

3 **A.** No.

4 **Q.** What was your reaction when you found out that FLiK was making  
5 this claim?

6 **A.** At this point, it was, you know, take it down and -- I mean,  
7 we didn't see it until after -- you know, months later. So, yeah.  
8 We had a multi-million dollar, you know, contract with the  
9 government to deliver. And it -- it would -- yes. Anything  
10 relating to a statement like that would be very detrimental to our  
11 company.

12 **Q.** And if you had seen this at the time, what would you have  
13 done?

14 **A.** Then I would have had the attorneys notify him to have it  
15 taken down and figure if there's ways to protect ourselves.

16 **MR. KITCHENS:** I think that's all the questions I have,  
17 your Honor.

18 **THE COURT:** Mr. Lowther.

19 **CROSS-EXAMINATION**

20 **BY MR. LOWTHER:**

21 **Q.** Good afternoon, Mr. Anderson.

22 **A.** Hello.

23 **Q.** My name is Joshua Lowther, and I represent Mr. Felton.

24 You testified -- or, actually, the government showed you  
25 Exhibit 58, which I don't need to pull it up necessarily, but it's

1 the e-mail where Crepel Simon, if I pronounce that correctly, back  
2 in November apparently said, I understand that DigitalGlue is the  
3 preferred vendor.

4 He didn't use that word. But that e-mail was to you --

5 **A.** Uh-huh (affirmative).

6 **Q.** -- that FLiK intended to use your service or for you to build  
7 the platform, correct?

8 **A.** What he is saying is, yes, Is it true that you guys are  
9 building the platform for them?

10 **Q.** And that e-mail went to the general e-mail address, I guess,  
11 for lack of a better way to say it, on your website?

12 **A.** Correct.

13 **Q.** And it went ultimately to you, obviously?

14 **A.** Correct.

15 **Q.** Okay. So you knew in November of 2017 that Mr. Felton at  
16 least had told others that he intended to use DigitalGlue?

17 **A.** Okay. Yes. I mean, I --

18 **Q.** So that led to the December proposal?

19 **A.** Correct.

20 **Q.** And then in that proposal, even though the initial part was  
21 only a few thousand dollars, you made Mr. Felton aware that if  
22 FLiK chose to use DigitalGlue to build out the platform, it would  
23 be somewhere between \$250,000 and \$500,000, correct?

24 **A.** Correct.

25 **Q.** So because the initial coin offering had already happened, you

1 said you were wondering why he wasn't acting with more urgency to  
2 get this done, correct?

3 **A.** Correct.

4 **Q.** Or it gave you some concern. Is that a fair statement?

5 **A.** Correct.

6 **Q.** But you were under the impression that he had actually raised  
7 \$20 million?

8 **A.** Correct.

9 **Q.** So if he raised \$20 million, why don't you put 35,000 down --

10 **A.** 17-and-a-half thousand down, correct.

11 **Q.** 17,000 down, the balance of 17,500 when it's done, and then a  
12 quarter-million, half-a-million dollars, correct?

13 **A.** Uh-huh (affirmative).

14 MR. LOWTHER: Thank you, sir.

15 THE COURT: Any redirect?

16 MR. KITCHENS: No, your Honor.

17 THE COURT: Does anybody anticipate we'll need to keep  
18 the witness around for any reason?

19 MR. KITCHENS: No, your Honor.

20 MR. LOWTHER: No reason.

21 THE COURT: Sir, you're released. Thank you very much.

22 (Witness excused)

23 THE COURT: Please call your next witness.

24 MS. SNEED: The government calls Owen Smith.

25 THE COURT: Good afternoon.

1 COURTROOM DEPUTY CLERK: Sir, raise your right hand.

2 \_\_\_\_\_  
3 OWEN SMITH

4 a witness herein, being first duly sworn,  
5 was examined and testified as follows:  
6 \_\_\_\_\_

7 COURTROOM DEPUTY CLERK: Thank you. You can be seated.

8 DIRECT EXAMINATION

9 BY MS. SNEED:

10 Q. Good afternoon, Mr. Smith. Where do you currently live?

11 A. Dacula, Georgia.

12 THE COURT: Sir, if you wouldn't mind removing your mask  
13 for us. Thank you.

14 Q. How long have you lived there?

15 A. Since 2018.

16 Q. Did you live in the Atlanta area before you moved to Dacula?

17 A. Yes.

18 Q. Where did you live?

19 A. Duluth.

20 Q. How long in general have you lived in Georgia?

21 A. How long have I lived in Georgia? Since 1985.

22 Q. Did you attend college, sir?

23 A. Yes.

24 Q. Did you obtain a degree?

25 A. Yes.

1 Q. What is your degree in?

2 A. Broadcast journalism.

3 Q. What do you do for a living currently?

4 A. I work in video production.

5 Q. Just in general explain to the jury, what does video  
6 production encompass?

7 A. I take contract work from local companies who need small  
8 promotional marketing videos produced, usually for TV commercials  
9 or social media, Internet things.

10 Q. Sir, if you could scoot up a little closer to the microphone.  
11 Thank you, sir.

12 How long have you been doing video production?

13 A. Since 2003.

14 Q. And you said contract work, so do you work for yourself?

15 A. Yes.

16 Q. How did you start in that industry?

17 A. I've always been in that. It was an interest I had in high  
18 school, so I went to college to study that industry and moved into  
19 it right after I graduated.

20 Q. Are you familiar with the defendant, Ryan Felton?

21 A. Yes.

22 Q. How did you first meet him?

23 A. On a production set in Atlanta.

24 Q. On a production set, I'm sorry?

25 A. Just on a production set in Atlanta.



1 Q. And when was that?

2 A. Around probably 2014, 2015.

3 Q. Did you eventually come to do some video production work for  
4 the defendant?

5 A. Yes.

6 Q. And when was that?

7 A. Around that time, 2015, 2016.

8 Q. Did you work for him often?

9 A. Semi-regularly.

10 Q. And specifically what type of work would you do for him?

11 A. I would be hired to do lighting for video productions, or I  
12 would be hired to do sound work for video productions.

13 Q. What was the nature of your employment arrangement with the  
14 defendant?

15 A. I was an independent contractor.

16 Q. What was the nature of your relationship with the defendant?

17 A. Client-contractor relationship.

18 Q. Are you familiar with the term "cryptocurrency"?

19 A. Yes.

20 Q. When did you first become familiar with cryptocurrency?

21 A. My first introduction to it was filming a commercial for  
22 BitPay, a processing company.

23 Q. And did you film that commercial with the defendant?

24 A. Yes.

25 Q. Are you familiar with the term "FLiK"?

1 A. Yes.

2 Q. And how did you first hear about FLiK?

3 A. I first heard about that working on productions at the studio  
4 run by Ryan.

5 Q. Where was the studio at?

6 A. Forest Street in Atlanta.

7 Q. When did you first hear about FLiK?

8 A. Late 2017.

9 Q. And what did the defendant tell you about FLiK?

10 A. That it was a crypto token that he had created to found his  
11 own company that would be based on that token.

12 Q. And what was the company to be called?

13 A. FLiK.

14 Q. And what -- and it was a FLiK token?

15 A. Yes.

16 Q. What was the company FLiK supposed to be doing with these FLiK  
17 tokens?

18 A. Online movie rentals and sales.

19 Q. Any particular type of movies?

20 A. I'm not certain that there was any limit of any particular  
21 type of film.

22 Q. And you said that you first heard about FLiK from the  
23 defendant in 2017?

24 A. Yes.

25 Q. Are you familiar with the term initial coin offering?

1 A. Yes.

2 Q. Did you come to learn that there was an ICO or initial coin  
3 offering for FLiK?

4 A. Yes.

5 Q. By the time you spoke to the defendant about FLiK, do you know  
6 if the FLiK ICO had already occurred or was it ongoing?

7 A. I believe the ICO had ended.

8 Q. Did you buy FLiK tokens?

9 A. Yes.

10 Q. And why did you buy them?

11 A. Ryan offered to sell me some FLiK tokens.

12 Q. Did you think FLiK sounded like a good idea and that's why you  
13 bought it?

14 A. Yes.

15 Q. And when did you buy the FLiK tokens?

16 A. Around October of 2017.

17 Q. After the ICO?

18 A. Yes.

19 Q. Do you know how much you bought?

20 A. I bought approximately one Bitcoin worth of FLiK tokens.

21 Q. And how did you buy the FLiK tokens?

22 A. I sent Ryan a FLiK wallet and he sent the tokens to the  
23 wallet.

24 Q. Sir, I placed before you what's been marked as Government  
25 Exhibit 71. Do you recognize this document?

1 **A.** Yes.

2 **Q.** And what is it?

3 **A.** That's the address to my FLiK wallet that I sent to Ryan.

4 **Q.** What is the actual document?

5 **A.** Oh, an e-mail that I sent to Ryan.

6 MS. SNEED: And the government would move for Government  
7 Exhibit 71 --

8 MR. LOWTHER: No objection.

9 MS. SNEED: -- to be admitted.

10 THE COURT: It's admitted.

11 MS. SNEED: Ms. Etienne, if you could put that up on the  
12 screen. If you could highlight the text, please. Thank you.

13 BY MS. SNEED:

14 **Q.** And, Mr. Smith, I believe you testified that that's the wallet  
15 that you sent to the defendant?

16 **A.** Yes.

17 **Q.** And just elaborate for the jury, how did this conversation  
18 come up where you decided to get this FLiK wallet and send it to  
19 the defendant for FLiK tokens?

20 **A.** We had wrapped a project at the studio. And Ryan was telling  
21 everyone about the FLiK project and the FLiK tokens and offered to  
22 sell some and explained how to go about getting a FLiK wallet, to  
23 send that address.

24 **Q.** Had you ever had any sort of cryptocurrency wallet before?

25 **A.** No.

1 Q. What is the date of this e-mail?

2 A. October 10th, 2017.

3 Q. And did you receive FLiK tokens from the defendant?

4 A. Yes.

5 Q. What platform did you get them on?

6 A. The wallet was hosted at CoinExchange.

7 Q. After you received the FLiK tokens from the defendant, what  
8 did you do with them?

9 A. I left them at CoinExchange for awhile. And then I ended up  
10 selling them.

11 Q. And did you get -- did you make a profit when you sold them?

12 A. No.

13 Q. Did you -- was it at a loss?

14 A. Yes. I sold at a loss.

15 Q. Did you ever work on FLiK?

16 A. No.

17 MS. SNEED: Thank you, Ms. Etienne.

18 Q. Are you currently holding any FLiK tokens?

19 A. No.

20 Q. Was there ever a FLiK streaming platform developed that you  
21 saw?

22 A. Not that I saw.

23 Q. Mr. Smith, are you familiar with CoinSpark?

24 A. Yes.

25 Q. What is that?

1 A. A cryptocurrency exchange started by Ryan.

2 Q. How did you first hear about CoinSpark?

3 A. Ryan introduced me to the idea at his studio.

4 Q. When was that?

5 A. Around October 2017.

6 Q. What did the defendant tell you about CoinSpark when he first  
7 brought it up to you?

8 A. That it would be his next project, that he was working on  
9 developing a platform where -- that would work as a cryptocurrency  
10 exchange, similar to the other ones that were out there.

11 Q. Why was he telling you about it?

12 A. He was in the process of closing the studio and was telling me  
13 about it because he said that would be his next business venture,  
14 so if I was -- if I wanted to keep working with him, he had been  
15 my client for a few years, that that's where he was headed.

16 Q. And so he wanted you to help him out with CoinSpark?

17 A. Yes.

18 Q. Did you end up doing that?

19 A. I did help.

20 Q. Was there anyone else involved in starting up CoinSpark  
21 besides the defendant and you?

22 A. Yes.

23 Q. Who were the other people?

24 A. Chance White helped. And Sean Felton helped.

25 Q. Who is Sean Felton?

1 A. Ryan's brother.

2 Q. And who is Chance White?

3 A. Another independent contractor in town.

4 Q. Did you work with Mr. White also?

5 A. Yes.

6 Q. At the defendant's -- for the defendant's company?

7 A. Yes.

8 Q. Mr. Smith, I just handed you a document that was marked as  
9 Government Exhibit 64. Do you recognize this document?

10 A. Yes.

11 Q. And what is it?

12 A. This is an e-mail from Ryan to Chance and myself.

13 Q. There are several e-mails in this -- in Government Exhibit 64,  
14 correct?

15 A. Yes.

16 Q. And what are the -- what's the date range of the e-mails?

17 A. October 22nd, 2017, is the only date that I see.

18 Q. That's right, sir.

19 A. Okay.

20 MS. SNEED: Your Honor, the government would move to  
21 admit Government Exhibit 64.

22 MR. LOWTHER: No objection.

23 THE COURT: It's admitted.

24 MS. SNEED: Ms. Etienne, if we can put that up on the  
25 screen and page two, please.

1 BY MS. SNEED:

2 Q. Now, Mr. Smith, like most printouts of a chain of e-mails, the  
3 first e-mail seems to be towards the end. Do you see in the  
4 middle of page two what looks like the start of the first e-mail  
5 in this chain?

6 A. Yes.

7 MS. SNEED: And, Ms. Etienne, if you can just cull out  
8 the bottom of the page starting from the date. I don't know if it  
9 will help much, but...

10 Thank you.

11 Q. Who sent this e-mail?

12 A. Ryan.

13 Q. And who did he send it to? I guess I'll ask you, did you  
14 receive this e-mail?

15 A. Yes.

16 Q. And what is the subject of this e-mail in general?

17 A. Ryan outlining what he sees as responsibilities for working on  
18 launching his CoinSpark exchange.

19 Q. And he calls it -- in that first paragraph there, the last  
20 sentence of the first paragraph, To ensure a successful ICO. Do  
21 you see that?

22 A. Yes.

23 Q. Was there an ICO planned to launch CoinSpark?

24 A. Yes.

25 Q. And under responsibilities it looks like he has three names



1 listed and bullet points, is that right?

2 **A.** Yes.

3 **Q.** And what did he have listed as a responsibility under your  
4 name?

5 **A.** Create Reddit, BitcoinTalk, Slack and Telegram Channels.

6 Moderate Reddit, BitcoinTalk, Slack and Telegram channels.

7 **Q.** What are, in general, Reddit, BitcoinTalk, Slack and Telegram?

8 **A.** Internet forums and chat rooms.

9 **Q.** And did you, in fact, create CoinSpark channels on each of  
10 those apps?

11 **A.** Yes.

12 **Q.** And did you moderate each of those apps?

13 **A.** Some of them.

14 **Q.** And then just moving down a little bit to that last paragraph,  
15 it says he wants to bring in Sean as a minority owner at  
16 4 percent. Do you see that?

17 **A.** Yes.

18 **Q.** What were Sean's responsibilities?

19 **A.** A full-time moderator, cheerleader on all social media  
20 channels during ICO prelaunch and during the ICO, and then  
21 transition to running the support desk to respond to customer  
22 support tickets.

23 **Q.** And then looking at the responsibilities under the name Ryan,  
24 there's a number of bullet points there, and it says, "Create  
25 website." Did the defendant create a website for CoinSpark?

1 A. Yes.

2 Q. Did you have any involvement in the creation of that website?

3 A. Not in creating the website.

4 Q. Did you have any involvement in the website?

5 A. I -- some of the graphics design work I did ended up on the  
6 website. That would be my involvement.

7 Q. And it says -- the second bullet point under Ryan says, From  
8 Cayman Island Legal Entity, each of us own 33.33 percent. What  
9 does that mean?

10 A. That he would form the legal entity for the CoinSpark company  
11 in the Cayman Islands.

12 Q. Did he tell you why?

13 A. He said that he would form it there because it would be -- it  
14 would be a place where there would be the least amount of  
15 regulation to control what the -- what CoinSpark could do.

16 Q. Regulation by whom?

17 A. By any -- by any government entities of what it could do, how  
18 it could function as an exchange.

19 Q. And then it says, "Develop smart contract," the third bullet  
20 point on Exhibit 64. Did the defendant develop a smart contract  
21 for the CoinSpark ICO?

22 A. Yes.

23 Q. Did you have any involvement in that?

24 A. No.

25 Q. And then it says, the fourth bullet point, "Develop

1   whitepaper, exchange roadmap." Did the defendant, in fact, do  
2   that?

3   **A.**   Yes.

4   **Q.**   Did you have any involvement in that?

5   **A.**   No.

6   **Q.**   Then the fifth bullet point says, "Secure social media  
7   channels: Twitter, Facebook, Instagram." Did the defendant do  
8   that?

9   **A.**   Yes.

10   **Q.**   Did you have access to the CoinSpark, Twitter, Facebook or  
11   Instagram?

12   **A.**   I had some access.

13   **Q.**   What do you mean by "some access"?

14   **A.**   I could use a third-party application to schedule posts that  
15   could go to those -- that could go to those channels.

16   **Q.**   But in terms of actually posting content, were you able to do  
17   that?

18   **A.**   No.

19   **Q.**   And then it says, the final bullet point under Ryan is,  
20   "Create look and feel of company branding: Colors, logo, font,  
21   et cetera." Did the defendant create all of that for CoinSpark?

22   **A.**   He created some, and I created some.

23               MS. SNEED: Then if we go to the next page, Ms. Etienne.  
24   Page four, I believe. Whoops, page three. There we go. Thank  
25   you. If you could cull out the hard cost pre-ICO paragraph down

1 to the bottom total -- thank you.

2 **Q.** Mr. Smith, do you see the hard cost pre-ICO?

3 **A.** Yes.

4 **Q.** And there are a number of dollar amounts listed. Do you see  
5 that?

6 **A.** Yes.

7 **Q.** Did you have any reason to disagree with these numbers or to  
8 agree with them?

9 **A.** No.

10 **Q.** It says, The total cost for a pre-ICO is \$78,500, which he was  
11 willing to shoulder the majority of this expense.

12 Do you know if the total pre-ICO cost for a CoinSpark was  
13 about \$78,000?

14 **A.** I don't know.

15 **Q.** And then if we go down to hard costs post-ICO, there are a  
16 number of dollar amounts also listed there. And the total cost is  
17 \$510,000. Do you see that?

18 **A.** Yes.

19 **Q.** And do you know if any of these costs were expended by the  
20 defendant post-ICO?

21 **A.** I believe some of them were.

22 **Q.** And what are the some that you're looking at?

23 **A.** I don't know about the cost, but I know there was -- there was  
24 Zendesk integration. That's the only one that I recall.

25 **Q.** What is Zendesk?

1 **A.** A customer support ticketing system.

2 **Q.** And we'll get into Zendesk a little later.

3 And then if we go down to that last paragraph, that whole last  
4 bit of text.

5 MS. SNEED: Thank you Ms. Etienne.

6 **Q.** It says, ICO raise.

7 It says, I think we should raise \$4.5 million?

8 And then if we skip a sentence it says, It also provides some  
9 success money for us having poured our time and effort into the  
10 ICO and leave some cash reserves for additional marketing support  
11 company expenses.

12 What did success money mean as the defendant used it as you  
13 understood it?

14 **A.** I took it to mean the ability to start paying salaries for the  
15 company.

16 **Q.** Were you paid for any of the pre-ICO CoinSpark work you did?

17 **A.** No.

18 **Q.** Were you paid for any of the post-CoinSpark ICO work you did?

19 **A.** No.

20 **Q.** And that last sentence on Exhibit 64 on page three says,  
21 That's how I see it for now, but we're all in this together.

22 How did you interpret "we're all in this together"?

23 **A.** That he was open to feedback on his ideas.

24 **Q.** Did that mean that you had an equal share in CoinSpark, the  
25 same amount -- the same ownership amount as the defendant?

1 **A.** No. Not until -- not unless there was a contract.

2 **Q.** And if we go to the first page of Exhibit 64, that top e-mail.  
3 And the second paragraph there, Mr. Smith, it looks like the  
4 defendant sort of breaks down what the percentage of ownership  
5 would be. Do you see that last sentence there in the second  
6 paragraph?

7 **A.** Yes.

8 **Q.** And what does that say?

9 **A.** It says, That will give us a balance of net profits.  
10 25 percent goes to the token holders, 24 percent to you, me and  
11 Owen, and 4 percent to Sean.

12 **Q.** This was supposed to be post-ICO?

13 **A.** This was supposed to be once the exchange was running, how the  
14 exchange itself might function. So, yes, it would happen after  
15 the ICO.

16 **Q.** So by "25 percent goes to the token holders," what did that  
17 mean?

18 **A.** The Spark token that would be used on the CoinSpark exchange  
19 was going to be a token that would share profits from the  
20 CoinSpark exchange with anyone who held a token, so that that  
21 25 percent would be distributed amongst anyone who held a token.

22 **Q.** Was there a restriction on the token owner? For example, when  
23 they may have bought the token?

24 **A.** As far as if they could get the 25 percent? I don't believe  
25 so.

1 Q. Now, before the CoinSpark -- I'm sorry. And then 24 percent  
2 to you, me and Owen. Do you see that there on the first page of  
3 Exhibit 64?

4 A. Yes.

5 Q. And then 4 percent to Sean.

6 Did you ever receive 24 percent from any net profits of  
7 CoinSpark after the launch?

8 A. No.

9 Q. Did you ever sign any sort of agreement or contract for  
10 CoinSpark?

11 A. No.

12 Q. Now, focusing on just the ICO, besides the potential for  
13 success money that the defendant referred to, did he ever pay you  
14 any other way for your work that you did pre-ICO launch?

15 A. No.

16 Q. Did y'all ever discuss how you would get this success money  
17 after the ICO had concluded?

18 A. The only ICO conclusion discussion about anything like that  
19 would have been it was originally planned to be built into the  
20 smart contract for the ICO that any tokens that didn't sell during  
21 the ICO would automatically be distributed by the smart contract  
22 amongst the group.

23 Q. And "the group" being who?

24 A. Being myself, Chance, Ryan, and possibly Sean.

25 Q. When was this supposed to take place?

1 A. This was supposed to be programmed into the smart contract, so  
2 it was supposed to take place automatically at the conclusion of  
3 the ICO.

4 Q. And what were the dates of the ICO?

5 A. It began February 14th, 2018, and ended on March 14th, 2018.

6 Q. So on March 14th, 2018, or soon thereafter, did you get  
7 whatever percentage you were owed from whatever was raised in the  
8 CoinSpark ICO?

9 A. No.

10 Q. Do you know if any money was raised in the CoinSpark ICO?

11 A. I know CoinSpark tokens were moved during the ICO, so it  
12 appears so.

13 Q. Were you ever told that there was money raised?

14 A. Yes.

15 Q. Who told you that?

16 A. Ryan.

17 Q. Did he tell you how much?

18 A. I don't recall.

19 MS. SNEED: If we could go up to that first paragraph on  
20 the first page of Exhibit 64, Ms. Etienne.

21 Q. Now, the date of this e-mail is October 22nd, 2017, correct,  
22 Mr. Smith?

23 A. Yes.

24 Q. So this was before the ICO?

25 A. Yes.



1 Q. So the defendant writes, "Glad you guys are excited. Believe  
2 me, managing the Telegram, Reddit and Slack are going to be  
3 consuming. Get ready for tons of idiotic questions, accusations,  
4 rumors, attacks and other bullshit. Seriously, it will effect  
5 your psyche or at least FLiK has affected mine."

6 What did he mean by at least FLiK has affected his psyche? Do  
7 you know?

8 A. He had said that he got tired of having to deal with people on  
9 the Internet doubting his project or asking a lot of questions  
10 that took up a lot of time, so it got exhausting.

11 Q. Doubting what project?

12 A. When he was launching the FLiK project.

13 Q. Do you know what he meant by "got tired of people doubting his  
14 project"?

15 A. I think just the time-consuming act of having to answer  
16 inquiries and questions and just deal with all these online  
17 platforms as far as I know.

18 Q. What were the doubts? Did he tell you?

19 A. Specifically about FLiK, I don't know.

20 Q. And if we go to the last paragraph in this e-mail on page one  
21 of Exhibit 64, he mentions AlphaPoint. Do you know what  
22 AlphaPoint is, Mr. Smith?

23 A. Yes.

24 Q. What is it?

25 A. It's a company that writes the software and provides solutions

1 and turnkey web applications to launch your own cryptocurrency  
2 exchange.

3 Q. Were you ever involved in any discussions with AlphaPoint?

4 A. I've met people from AlphaPoint.

5 Q. Were you involved in those discussions about the CoinSpark  
6 exchange?

7 A. Not about -- only -- not about launching it. Only when  
8 AlphaPoint came to showcase how it worked.

9 Q. Showcase how -- what they could provide CoinSpark?

10 A. Yes.

11 Q. Now, besides these roles that the defendant set out for you,  
12 did you take on any other roles in the startup to the CoinSpark  
13 ICO? I believe you mentioned you prepared some graphics?

14 A. Yes. I was checking to see if that was on here. I did  
15 graphics design work.

16 Q. And did you make final decisions on any graphics that went on  
17 any CoinSpark materials?

18 A. No. What I would create would be submitted for approval.

19 Q. Submitted for approval to whom?

20 A. To Ryan.

21 Q. Let's talk specifically about the social apps that -- or  
22 social media apps that we mentioned -- or that were mentioned in  
23 that e-mail.

24 MS. SNEED: You can take that down, Ms. Etienne. Thank  
25 you.

1 Q. Let's focus on Telegram. Did you create a Telegram channel  
2 for CoinSpark?

3 A. Yes.

4 Q. Did you create any of those other channels? I believe you  
5 testified you did.

6 A. Yes.

7 Q. Out of all the channels that you created, where did most of  
8 your energy go?

9 A. Telegram.

10 Q. Is that because that's where most of the activity took place?

11 A. Yes.

12 Q. Did you create an official CoinSpark channel on Telegram?

13 A. Yes.

14 Q. And did you create official CoinSpark accounts to use on that  
15 channel?

16 A. Yes.

17 Q. What were the names?

18 A. CoinSpark was the main name. And Sparky was the secondary  
19 name.

20 Q. Did you regularly post on the CoinSpark Telegram channel as  
21 Sparky and CoinSpark?

22 A. Yes.

23 Q. Did anyone else have access to those accounts?

24 A. I don't recall.

25 Q. Pre-CoinSpark ICO, were you the main one that posted under the

1 CoinSpark official accounts on the CoinSpark channel?

2 **A.** Yes.

3 **Q.** And tell me how that process would go. How would you draft  
4 the post for Telegram? How would you post it?

5 **A.** It was an open chat room, so typically users in the room would  
6 ask questions. And at the beginning I would have to notate the  
7 questions. And I would bring them up if we were -- if we had an  
8 in-person meeting with Ryan at the studio and ask how -- what the  
9 response -- what the answer should be to some of these common  
10 questions. So ultimately I crafted a frequently asked questions  
11 list to put on Telegram so people could have those same answers.

12 **Q.** Did you ever post to Telegram under the official CoinSpark  
13 names without the defendant's approval?

14 **A.** Not as far as answers to questions.

15 **Q.** So the answers to questions, where would those come from?

16 **A.** Those would -- the approved answer would come from Ryan.

17 **Q.** Would you draft those or would the defendant draft them?

18 **A.** It could be one or the other. I could say, Is this -- I could  
19 draft an answer and say, Is this a valid answer? Is this correct?  
20 Is this the plan? Are these the correct dates?

21 MS. SNEED: Ms. Etienne, if you could put on the screen  
22 Government Exhibit 23-A.

23 And, your Honor, this is an excerpt from Government  
24 Exhibit 23 that was admitted yesterday, just a smaller portion of  
25 it.

1 MR. LOWTHER: No objection.

2 THE COURT: It's admitted.

3 BY MS. SNEED:

4 Q. Mr. Smith, on the screen before you is a document that's been  
5 admitted as Government Exhibit 23-A. Does that look like the  
6 CoinSpark channel on Telegram?

7 A. Yes.

8 Q. Under that 1300 time mark -- I'm assuming that's what the 1300  
9 is. Is that the time of the post?

10 A. Yes.

11 Q. And that's in, as my family calls it, military time? I don't  
12 know the official term for it.

13 A. It's in military time. I'm not sure what time zone it refers  
14 to but...

15 Q. Right under that 1300 there are the letters, all capital,  
16 IFTTT. What does that mean?

17 A. That is -- that stands for If This Then That, which is a  
18 website that you can schedule posts from.

19 Q. And would you schedule these posts on that website to show up  
20 in the Telegram channel?

21 A. Yes.

22 Q. You sound a little hesitant.

23 A. So you can -- so, actually, what If This Then That did is it  
24 monitors a channel, so this would have been set up to monitor  
25 Instagram and Twitter. And if a post was made to Instagram or

1 Twitter, the IFTTT would pick up on it and automatically put it  
2 here. So it means that anyone could have posted to Instagram or  
3 Twitter even if it was a scheduled post I did or anything that  
4 would pick up on it and copy it to this channel.

5 Q. Let me ask you this. Was there a CoinSpark Instagram account?

6 A. Yes.

7 Q. Who ran that account?

8 A. Ryan.

9 Q. Did you have access to that account?

10 A. I know I had access to allow third-party -- to schedule posts  
11 to go on there, so I did have that much access.

12 Q. What about -- was there a CoinSpark Twitter account?

13 A. Yes.

14 Q. Did you have access to that account?

15 A. I think I had the same access.

16 Q. As the Instagram?

17 A. As the Instagram.

18 MS. SNEED: Your Honor, I would also move to admit  
19 Government Exhibit 23-B, which is an excerpt from Government  
20 Exhibit 23 that was admitted yesterday.

21 MR. LOWTHER: No objection.

22 THE COURT: It's admitted.

23 MS. SNEED: Ms. Etienne, if we can pull up Government  
24 Exhibit 23-B, please. And go to page three, please.

25 BY MS. SNEED:

1 Q. Mr. Smith, if you look on the screen at Government  
2 Exhibit 23-B under 609, do you see there's a post from Sparky?

3 A. Yes.

4 Q. And what is that post in reference to?

5 A. It's in reference to a question that came through on the  
6 Telegram channel.

7 Q. And what was that question?

8 A. Who are the people behind this project?

9 Q. And let me ask you: Were there any names associated with  
10 CoinSpark, names of individuals?

11 A. I don't think so.

12 Q. Were there any faces on the CoinSpark website?

13 A. I don't recall any.

14 Q. There was a CoinSpark website, correct?

15 A. Yes.

16 Q. I think you testified earlier that the defendant created it?

17 A. Yes.

18 Q. So you viewed that website at some point?

19 A. Yes.

20 Q. And why weren't there any individual's names on the CoinSpark  
21 website?

22 A. Ryan had stated that CoinSpark -- that cryptocurrency  
23 exchanges worldwide were easy targets for threats and break-ins.  
24 And he said he had gotten threats to his family for their safety,  
25 so that he thought it would be best to keep everyone's personal

1 data anonymous as long as possible.

2 **Q.** Was there a cryptocurrency -- was there a CoinSpark exchange  
3 operational at the time that you all decided to keep your  
4 identities a secret?

5 **A.** That was -- that was kind of from the beginning, so before the  
6 exchange was operational.

7 **Q.** And how did you feel about that?

8 **A.** I felt like it would hurt marketing but there -- I have --  
9 Ryan gave valid articles and examples of what -- to back up his  
10 concerns.

11 **Q.** And where did you get the links to these -- well, I'm  
12 assuming -- did you post this account, this message from Sparky?

13 **A.** Yes. This would have been part of our -- the frequently asked  
14 questions of approved responses.

15 **Q.** Where did you get the links to these articles from?

16 **A.** Ryan sent us these -- these examples. They would have been  
17 approved in one of our meetings of just examples and answers to  
18 the questions.

19 **Q.** Approved by whom?

20 **A.** Ryan.

21 MS. SNEED: Ms. Etienne, if we can go to page four of  
22 Exhibit 23-B.

23 **Q.** And, Mr. Smith, under the timestamp of 6:27, there's another  
24 post from Sparky, that whole little bit. Do you see that?

25 **A.** Yes.



1 Q. It says, I can easily introduce you to the team that is  
2 building the exchange. Igor and his team are hard at work. Who  
3 is Igor?

4 A. He's the leader of the team at Applicature developing -- I  
5 believe he's the leader of the team at Applicature developing the  
6 smart contract.

7 Q. Who's idea was it to say, No, it's not safe for us to put our  
8 names but we can put the names of these other people, in answer to  
9 these questions?

10 A. Ryan said that it was okay to answer the questions of the  
11 companies who would be involved in providing the back-end  
12 solutions.

13 Q. And then if we go --

14 A. And I'll correct myself. Igor may have been -- I see  
15 AlphaPoint listed on there. Igor may have been with AlphaPoint  
16 doing the actual exchange back-end, maybe not the smart contract.

17 Q. Just turning back to that Cayman Islands -- having CoinSpark  
18 domiciled in the Cayman Islands, do you know if there were any  
19 CoinSpark employees there?

20 A. None that I'm aware of.

21 Q. Was there anybody associated with CoinSpark who worked in the  
22 Caymans?

23 A. Not that I'm aware of.

24 Q. Did you ever speak with or communicate with anyone in the  
25 Cayman Islands?

1 A. No.

2 Q. And I believe you testified that the defendant said it should  
3 be set up in the Cayman Islands, correct?

4 A. Yes.

5 Q. Did he tell you why -- I know you said something about the  
6 governments, but what did he tell you he was basing that on?

7 A. On it being one of the better places to base an exchange so  
8 that the most people from around the world would be allowed to  
9 participate.

10 Q. How did he know that? Did he tell you?

11 A. I don't know.

12 MS. SNEED: If we can go page five of Exhibit 23-B,  
13 Ms. Etienne.

14 Q. Mr. Smith, if you look at the post under the 7:02 timestamp,  
15 do you see that there?

16 A. Yes.

17 Q. And the post directly under 7:02 and above 7:06, what does  
18 that say?

19 A. I'm sorry, you said the section --

20 Q. Directly under Sparky, -- 7:02, Sparky, but above 7:06. Just  
21 that first sentence.

22 A. Any unsold Spark tokens of the 25 million that exist will  
23 remain with CoinSpark since they represent an actual portion of  
24 the exchange.

25 Q. So what were the terms of the ICO? How many Spark Coin were

1 going to be sold?

2 **A.** I believe the maximum number of Spark tokens that could exist  
3 would be 25 million. I don't know that there was a limit to what  
4 could be sold.

5 **Q.** Well, it says, Any unsold Spark tokens of the 25 million that  
6 exist will remain with CoinSpark, right?

7 **A.** Yes.

8 **Q.** Then under 7:08 on that same page, what does that say?

9 **A.** It says, No. There are not 100 million Spark of which 25  
10 million are being offered. There are only 25 million Spark. So  
11 the opportunity to purchase the entire amount that exists is  
12 offered in the ICO. Nothing is held back in an attempt to pump  
13 and dump, manipulate the market, et cetera.

14 **Q.** So what did you take all that to mean?

15 **A.** That -- that the total amount of Spark that would ever exist  
16 were being offered in the ICO to anyone who wanted to purchase. I  
17 think there were -- some people expressed concerns that there was  
18 secretly another stash of Spark that then the exchange could just  
19 flood the exchange with that token. So it was usually -- people  
20 would ask about that regularly. So they wanted to be clear  
21 that -- what the limit of the existing supply would be.

22 **Q.** Because there was this potential for the 25 percent profit by  
23 Spark Coin holders, correct?

24 **A.** Yes.

25 **Q.** Was that potential for -- did you call it a dividend?

1 A. At one point it was called a dividend.

2 Q. Was that potential for a dividend important to potential  
3 investors as you would see on Telegram that they would express?

4 A. Yes.

5 MS. SNEED: Ms. Etienne, if you could put up Government  
6 Exhibit 23-D.

7 And, your Honor, this is another excerpt from Government  
8 Exhibit 23 that was admitted yesterday.

9 MR. LOWTHER: No objection.

10 THE COURT: It's admitted.

11 And, Ms. Sneed, let me just check in with you. How much  
12 longer do you anticipate you'll have with this witness?

13 MS. SNEED: Probably another 20 to 30 minutes, your  
14 Honor.

15 THE COURT: All right. Let's go ahead and take a short  
16 break then.

17 Ladies and gentlemen of the jury, you're reminded of  
18 your instructions for breaks. Let's take a ten-minute break.

19 Thank you.

20 (The jury exited the courtroom)

21 THE COURT: Sir, you can step down as well. Thank you.

22 All right. Folks, see you in ten minutes. Thank you.

23 (After a recess, the proceedings continued as follows:)

24 (Court Announced)

25 THE COURT: Sir, you can go back up and have a seat.

1 Thanks.

2 MR. KITCHENS: Your Honor, just briefly, just to give  
3 you kind of a picture of where we are for the rest of the day, we  
4 think -- I understand there's about maybe a half an hour with this  
5 witness. We have one more witness, and we assume that's probably  
6 going carry us until the end of the day. At that point our  
7 remaining witnesses are out-of-town witnesses that we would  
8 anticipate calling tomorrow.

9 THE COURT: All right. Very well. Thank you.

10 I think we're ready for the jury. Thank you, Officer.

11 (The jury entered the courtroom)

12 THE COURT: Y'all can have your seats. Thank you.

13 Ms. Sneed, you have the floor.

14 MS. SNEED: Thank you, your Honor.

15 BY MS. SNEED:

16 Q. Mr. Smith, I need to backtrack to Exhibit 23-B.

17 MS. SNEED: Ms. Etienne, if we could put on the screen  
18 page 4 of 23-B. If we could cull out that post under 6:54,  
19 please.

20 Q. Mr. Smith, do you see there was a question there from one of  
21 the Telegram users?

22 A. Yes.

23 Q. And what is the question? It begins with "since." I guess  
24 you can start with the whole thing to give it context.

25 A. Starting at, Is the payout built into the protocol or is it

1 based on trust? The 25 million coins are a great representation  
2 of the 25 percent which will be distributed to the public. Since  
3 you own the other 75 percent, is it safe to assume that you and  
4 your employers won't own any of the Spark coin?

5 **Q.** It -- then it looks like the answer is by Sparky under the  
6 6:55 timestamp. Do you see that there?

7 **A.** Yes.

8 **Q.** What does the Sparky account say in response?

9 **A.** No Spark coins exist to represent the other 75 percent. This  
10 is done on purpose to make it impossible for anyone to dump extra  
11 coins onto the market.

12 **Q.** And does that go back to what I had asked you earlier about  
13 the 25 million coins and what it means in terms of the dividend?

14 **A.** Yes.

15 MS. SNEED: And then just to put a fine point on it, if  
16 you go to the next page, Ms. Etienne, under 6:56. Just the 6:56.  
17 I'm sorry. The 6:56 under that.

18 **Q.** And that's a question from a user, is that right, Mr. Smith?

19 **A.** Yes.

20 **Q.** And what does that say?

21 **A.** Indeed, will your employees own any of these coins or will  
22 100 percent of them be distributed to the public?

23 **Q.** And the answer is in -- I believe under 7:02, Sparky, which is  
24 what we discussed before where, Any unsold Spark tokens of the 25  
25 million that exist will remain in CoinSpark since they represent

1 an actual portion of the exchange.

2 Do you see that?

3 **A.** Yes.

4 **Q.** So that means essentially someone, a potential investor is  
5 concerned about any other coins going onto the market to dilute  
6 the possible dividend, is that right?

7 **A.** Yes.

8 **Q.** And was that something that many people in Telegram expressed  
9 concerns about?

10 **A.** It was -- it was -- yeah, it was a common question.

11 **Q.** Was it more common than any other question about how that  
12 dividend would be treated?

13 **A.** Dividend-related questions in general were the most common  
14 thing, how the token functionality was laid out.

15 **Q.** So turning back to Exhibit 23-D, which is where we were, I  
16 believe, when we went on for break, if you look at page two of  
17 Exhibit 23-D, under 4:31, there is a name there that says Prem.  
18 Do you see that?

19 **A.** Yes.

20 **Q.** Who is Prem?

21 **A.** My understanding was he was a big fan of cryptocurrency and  
22 CoinSpark, so he was a user in the Telegram channel.

23 **Q.** And Prem states under the 4:31 timestamp, We have selected EY  
24 to provide external audit services for our token holders. Because  
25 Spark tokens will pay a quarterly dividend to our token holders,

1 we felt it was necessary to provide world class external assurance  
2 services to verify our accounting and consequent dividend  
3 payments.

4 Do you see that there?

5 **A.** Yes.

6 **Q.** Who is the "we" Prem is talking about?

7 **A.** I believe he's copied, pasted this from the frequently asked  
8 questions. So the "we" refers to CoinSpark, the exchange.

9 **Q.** So this was an actual response regarding this EY that you had  
10 posted at some point?

11 **A.** Yes.

12 **Q.** How did that post come into being about EY?

13 **A.** It would have been another question posed to Ryan requesting  
14 an official response. And there was EY information on the  
15 official CoinSpark website.

16 **Q.** What is EY?

17 **A.** As far as I know it's an auditing and accounting firm.

18 **Q.** Does Ernst & Young sound familiar?

19 **A.** I believe that's who they are.

20 **Q.** Do you know if the defendant hired EY to perform audit  
21 services for CoinSpark?

22 **A.** I don't know.

23 **Q.** Did you ever speak or communicate with anyone at EY?

24 **A.** No.

25 **Q.** Did you ever see any e-mails or communications from EY that



1 the defendant forwarded to you?

2 **A.** Not that I recall.

3 **Q.** And you mention the CoinSpark website. Are you familiar with  
4 a whitepaper?

5 **A.** Yes.

6 **Q.** Was there a whitepaper on the CoinSpark website?

7 **A.** Yes.

8 MS. SNEED: Ms. Etienne, if you could put up Government  
9 Exhibit 24. It would be the second page, Ms. Etienne.

10 **Q.** Mr. Smith, does that look like the logo and the color and  
11 branding of the CoinSpark whitepaper?

12 **A.** Yes.

13 MS. SNEED: If I can have just a moment, your Honor.

14 THE COURT: Sure.

15 (Pause in the proceedings)

16 BY MS. SNEED:

17 **Q.** I lost my point, Mr. Smith so, we'll move on.

18 Did the CoinSpark ICO indeed launch?

19 **A.** Yes.

20 **Q.** And I think you testified earlier that you don't know how much  
21 was raised during the ICO?

22 **A.** I don't recall.

23 **Q.** Were you ever told at some point?

24 **A.** At some point -- at some point I was told how many tokens were  
25 bought in the ICO.

1 Q. Were you ever told in US dollars what the amount was?

2 A. I -- yeah, probably.

3 Q. The fact that you don't remember the exact amount, does that  
4 mean it was too little to be important to remember or --

5 A. It was too -- it was under the -- the dollar amount is hard  
6 because the purchases were in Ethereum, I believe, so -- these  
7 prices change all the time.

8 It's because the amount was apparently not enough to hit the  
9 goal of what the exchange truly needed to launch and maintain  
10 liquidity.

11 Q. And what was the amount that the exchange needed to launch and  
12 maintain liquidity?

13 A. I don't recall. By the -- by the time that the ICO happened,  
14 I don't recall what -- it changed over time based on what tokens  
15 might be listed on the exchange.

16 Q. Who changed it?

17 A. It was up to Ryan working with AlphaPoint as to what tokens  
18 could be listed on the exchange and what that would mean for  
19 liquidity.

20 Q. Sir, I handed you what's been marked as Government Exhibit 70,  
21 which appears to be two e-mails. Do you recognize this?

22 A. Yes.

23 Q. And what is it?

24 A. An e-mail from Ryan to myself and Chance.

25 MS. SNEED: And, your Honor, I would move to admit

1 Government Exhibit 70.

2 MR. LOWTHER: No objection.

3 THE COURT: It's admitted.

4 BY MS. SNEED:

5 Q. And it appears to be a series of e-mails, is that right,  
6 Mr. Smith?

7 A. Yes.

8 Q. And there are one, two, three, four. What are these e-mails  
9 about? What are the three of you talking about?

10 A. Trying to determine -- let's see. Trying to determine  
11 where -- there's some Spark token activity on another exchange and  
12 trying to determine where that might have come from.

13 Q. If we cull out the text under the August 5th, 2018, at  
14 6:59 p.m. e-mail, it says, 200,000 Spark tracks back to Ryan.

15 What does that mean? It's on the screen in front of you, too,  
16 sir, if you need it bigger.

17 A. Thanks. Okay.

18 The -- of the Spark that is trying to be determined where it's  
19 coming from, that 200,000 of it traces back to a wallet that Ryan  
20 holds.

21 Q. So Ryan had put 200,000 Spark on IDEX, is that right?

22 A. I can't -- I can't tell if it's on IDEX or if it's just  
23 activity that tracks to wallets that showed IDEX activity.

24 Q. Okay. And what's the date of this e-mail?

25 A. April 5th, 2018.

1 Q. So that's after the ICO?

2 A. Yes.

3 Q. And then it says, 82,175 Spark tracks back to Ryan?

4 A. Yes.

5 Q. And then there's some Spark that tracks back to Chance, or so  
6 you guess, is that right?

7 A. Yes.

8 Q. Then if you go to the very top e-mail on Exhibit 70, on page  
9 one, what does the defendant respond to this chain?

10 A. I'm going to place some asks at .0025. That was the ICO  
11 price. If we have to go lower, we can. Whatever we sell at is  
12 still good in the sense that it provides much needed liquidity for  
13 the exchange.

14 Q. Mr. Smith, I just handed you a document that was marked as  
15 Government Exhibit 74. What is that?

16 A. An e-mail from myself to Ryan, Chance and Drew.

17 MS. SNEED: Your Honor, I would move to admit Government  
18 Exhibit 74.

19 MR. LOWTHER: No objection.

20 THE COURT: It's admitted.

21 BY MS. SNEED:

22 Q. What's the date of that e-mail, Mr. Smith?

23 A. July 18th, 2018.

24 MS. SNEED: And if you could cull out the whole thing,  
25 Ms. Etienne. Thank you.

1 Q. And that's after the CoinSpark ICO?

2 A. Yes.

3 Q. This e-mail is from you, correct?

4 A. Yes.

5 Q. And it's to the defendant, Chance White and Drew Owen. Who is  
6 Drew Owen? I think that's a name we haven't heard before.

7 A. Ryan's neighbor.

8 Q. What are you telling them with this e-mail?

9 A. In this e-mail I -- I believe that IDEX, which is an exchange  
10 that had listed Spark token, was in the process of de-listing  
11 Spark token. So I'm giving them a heads-up, if they have Spark  
12 tokens being held at IDEX, they should remove them or they're in  
13 danger of being destroyed.

14 Q. I can't recall if I asked you, but did you yourself have any  
15 Spark coins?

16 A. I had -- I purchased maybe ten Spark coins to do test  
17 transactions for customer service.

18 Q. What do you mean, "test transactions"?

19 A. For -- on our exchange, if I would get customer support  
20 tickets of people saying, I'm having trouble, the exchange isn't  
21 accepting Spark, or a certain wallet is not accepting Spark, I at  
22 least had a tiny amount that I could move around and see, you  
23 know, try to trace the steps and narrow down the problem for them.

24 Q. So the CoinSpark cryptocurrency exchange became operational at  
25 some point?

1 A. Yes.

2 Q. When did it become operational?

3 A. Around June or July of 2018.

4 Q. So a few months after the ICO?

5 A. Yes.

6 Q. And did it have a lot of users?

7 A. I don't believe so.

8 Q. What do you base that on?

9 A. I -- I didn't get -- I didn't get overwhelming amount of  
10 support tickets for the exchange. And there never -- from the  
11 parts of the exchange that were functioning, there never seemed to  
12 be much activity.

13 Q. And you said parts of the exchange that were functioning. Was  
14 the entire exchange not functional?

15 A. As far as I know, every token that was possibly planned to  
16 eventually come online wasn't online yet, so it -- it didn't have  
17 as much functionality as it was intended to have at some point  
18 down the road.

19 Q. Did the exchange ever become fully functional or fully  
20 operational?

21 A. I believe it became functional enough to where it was possible  
22 to list your Spark tokens and to purchase Spark tokens with  
23 Ethereum. It was minimally functional.

24 Q. Okay. I handed you what's been marked as Government  
25 Exhibit 75. Do you recognize this document?

1 **A.** Yes.

2 **Q.** What is this?

3 **A.** An e-mail from me to Ryan and Chance.

4 MS. SNEED: I would move to admit Government Exhibit 75.

5 MR. LOWTHER: No objection.

6 THE COURT: It's admitted.

7 BY MS. SNEED:

8 **Q.** And, Mr. Smith, Government Exhibit 75 appears to be three  
9 e-mails -- or, I'm sorry, four e-mails. And what are the date of  
10 these e-mails?

11 **A.** July 27th, 2018, on all of them.

12 MS. SNEED: And if we could cull out that bottom e-mail,  
13 Ms. Etienne, that begins with the e-mail address at the top there,  
14 July 27th, 2018.

15 **Q.** Mr. Smith, what did you write on July 27th, 2018, that first  
16 sentence?

17 **A.** I'll be putting out a series of quantity versus quality quick  
18 reads via medium over the next few days designed mainly to boost  
19 our SEO results.

20 **Q.** What is SEO results?

21 **A.** Search engine optimization results.

22 **Q.** So what does this mean, this e-mail?

23 **A.** It's the more -- the more optimized the text is on the  
24 Internet for search engines, the easier a user searching for  
25 something can find your website.

1 Q. So you were going to be writing articles to put on the  
2 Internet about CoinSpark, is that right?

3 A. Yes.

4 Q. Were you going to be using your name and saying that, I work  
5 for CoinSpark?

6 A. No.

7 Q. What were you going to be doing?

8 A. Writing articles that talk about cryptocurrency and trading  
9 and making sure to use the term CoinSpark in link to the website  
10 in relation to those things so that search engines would pair  
11 those two things together more quickly.

12 Q. What name are you going to be writing under?

13 A. I probably had not decided.

14 Q. Did you ever decide?

15 A. Yes.

16 Q. What name did you write under?

17 A. I don't recall.

18 Q. But it was not your name?

19 A. No, not my name.

20 Q. Whose idea was it to write these articles using CoinSpark in  
21 order to increase hits on the Internet?

22 A. Ryan.

23 Q. And did you share any articles you may have written with him?

24 A. Yes.

25 Q. How many articles did you end up writing?



1 **A.** I only recall writing one.

2 **Q.** Do you know if anyone else amongst you, Chance or the  
3 defendant wrote any articles like that without using their real  
4 name?

5 **A.** I believe Sean wrote one.

6 **Q.** That's Sean Felton?

7 **A.** Yes.

8 **Q.** We've talked a little bit about Zendesk. And I think you  
9 testified that you got some support tickets. So let's sort of  
10 explain that to the jury. And I think you gave an explanation  
11 earlier of Zendesk. Again, what is Zendesk?

12 **A.** Zendesk is online software that a customer, user of a website  
13 can request customer service through their interface.

14 **Q.** How did you become involved with Zendesk and CoinSpark?

15 **A.** Ryan chose to use Zendesk as the customer support platform.

16 **Q.** So we initially saw that your responsibilities were to  
17 moderate and create these channels on various websites like  
18 Telegram. So at some point did your role change?

19 **A.** Yes.

20 **Q.** And when did it change?

21 **A.** Around the time that the exchange launched everything, the  
22 customer support interface was transitioned away from Telegram and  
23 online forums to Zendesk platform.

24 **Q.** And was the idea that you would be in charge of this Zendesk  
25 platform?

1 A. It was that that would be the way that I would accept support  
2 tickets and questions from customers.

3 Q. Had you done customer service before?

4 A. Not in that -- not in that capacity.

5 Q. So what was your reaction to this change of duties?

6 A. I was willing to give it a try.

7 Q. Did you anticipate that at some point you would have a bigger  
8 role?

9 A. By that point I was told that that would pretty much be my  
10 role, that when the CoinSpark offices opened, you know, physically  
11 opened, that I would head up a customer service team.

12 Q. And who told you that?

13 A. Ryan.

14 Q. Were you still being promised an equal share -- I think we saw  
15 33.33 percent, or something like that, with the defendant at this  
16 point?

17 A. Not by that time.

18 Q. And what had the new sort of compensation talk become?

19 A. By that time I had been asked what I would need as a monthly  
20 salary to move -- to change my basically career path over to  
21 full-time with CoinSpark.

22 Q. And who asked you that?

23 A. Ryan.

24 Q. And did you tell him?

25 A. Yes.

1 Q. And did you ever get the monthly salary that you needed to  
2 become full-time at CoinSpark?

3 A. No.

4 Q. Did you ever receive a single penny related to CoinSpark?

5 A. No.

6 Q. So just walking through Zendesk, how did that work?

7 A. With Zendesk I could log in to the Zendesk interface and  
8 it's -- it looks a lot like an e-mail inbox and you would see  
9 messages from customers.

10 Q. And what sort of messages are you receiving on Zendesk related  
11 to CoinSpark?

12 A. Most of the interaction on Zendesk related to CoinSpark would  
13 be ICO participants requesting refunds.

14 Q. And we'll get to the refunds in a second. But how did -- how  
15 were you supposed to handle these requests? Were you supposed to  
16 respond to them? What were you supposed to be doing with the  
17 customer service requests?

18 A. I would usually handle it the same way as before Zendesk,  
19 which is I would -- if I didn't have an answer or the capability  
20 to respond, I would forward it to Ryan.

21 Q. And then the defendant would answer it and send it back to  
22 you?

23 A. He would answer it or -- he would deal with it himself or  
24 respond to me regarding it.

25 Q. And you mentioned the refunds. So just to backtrack a little

1 bit, at some point after the CoinSpark ICO did the promise of the  
2 dividend change?

3 **A.** Yes.

4 **Q.** And how did it change?

5 **A.** It was removed as -- it was completely removed.

6 **Q.** How did you find out about the removal of the dividend?

7 **A.** Over a phone call from Ryan.

8 **Q.** And when was that?

9 **A.** Around April or May of 2018.

10 **Q.** After the ICO?

11 **A.** Post-ICO.

12 **Q.** And did the defendant say why he was taking away the dividend?

13 **A.** He said that the CoinSpark legal team had advised that it  
14 would be best not to offer a dividend.

15 MS. SNEED: Ms. Etienne, if you could pull up Government  
16 Exhibit 26. And I guess the second page.

17 **Q.** Mr. Smith, on the screen in front of you is Government  
18 Exhibit 26 that has been -- that was previously admitted as  
19 Government Exhibit 26. Do you recognize this?

20 **A.** Yes.

21 **Q.** What is this?

22 **A.** A post to the CoinSpark website.

23 **Q.** Is this how investors were notified that the dividend was  
24 rescinded?

25 **A.** I believe so.

1 MS. SNEED: Ms. Etienne, if we could cull out right  
2 under the blue box including the date there, just the first full  
3 paragraph. Thank you.

4 Q. And what date was this posted on the Spark Coin website?

5 A. It says July 1st, 2018.

6 Q. So this was a couple months after the defendant had told you  
7 he was going to rescind the dividend?

8 A. Yes.

9 Q. And in Exhibit 26 it mentions a refund process, correct?

10 A. Yes.

11 MS. SNEED: Ms. Etienne, if you could exit out of the  
12 call-out so we can see the whole thing. Thank you.

13 Q. Now, how -- who came up with a refund process?

14 A. Ryan.

15 Q. And what was the refund for?

16 A. For anyone who purchased Spark tokens during the ICO.

17 Q. And that had been promised a dividend but now that it was  
18 rescinded they would be getting a refund if they wanted one?

19 A. Yes.

20 Q. And is that the refund process on the screen?

21 A. Yes.

22 Q. Were there any restrictions on who could get a refund?

23 A. I believe so.

24 Q. And what were the restrictions?

25 A. The Spark token had to have been purchased in the ICO. You

1 had to refund -- you had to return 100 percent of the Spark token.  
2 And you had to have been authorized to participate in the ICO in  
3 the first place.

4 **Q.** What does that mean, authorized to participate in the ICO?

5 **A.** There was a process for certain ICO participants to be  
6 pre-approved to participate in the ICO.

7 **Q.** Who were those certain participants?

8 **A.** My understanding was that US residents and accredited  
9 investors needed to be pre-approved.

10 **Q.** So with this refund process, if you were a US citizen who had  
11 bought Spark coins, you would not be able to get a refund?

12 **A.** If you had been -- my understanding was that if you had been  
13 approved to participate as a US citizen who bought Spark coins you  
14 could get your refund.

15 **Q.** Who approved US citizens to participate in buying Spark coins?

16 **A.** I believe -- Ryan handled that process through a -- through  
17 some other -- it was some other process outside of me.

18 **Q.** Now that you were working on Zendesk, would you be the one  
19 getting these requests for refunds?

20 **A.** Some of them.

21 **Q.** And where were some of the others going?

22 **A.** To -- I believe there was an e-mail listed that people could  
23 contact for the refund.

24 **Q.** It's at the bottom there. If you choose option two --

25 **A.** There, yes.

1 Q. -- please e-mail token@coinspark.io.

2 Did you have access to that token@coinspark.io account?

3 A. I don't believe I had access to that one.

4 Q. Who maintained that account?

5 A. Ryan.

6 Q. So who processed the actual refunds that came in from  
7 investors who chose to return their Spark coins?

8 A. Ryan was the only one that could do that.

9 Q. Do you know if investors asked for refunds?

10 A. Yes.

11 Q. And how do you know that?

12 A. I had support tickets of people asking for refunds.

13 Q. And, Mr. Smith, I just handed you documents that are marked as  
14 Government Exhibit Exhibits 77 and 78. Do those look familiar to  
15 you?

16 A. Yes.

17 Q. What is Government's Exhibit 77?

18 A. 77 is a customer requesting a refund. And I'm forwarding his  
19 request on to Ryan via e-mail.

20 MS. SNEED: Your Honor, I would move to admit Government  
21 Exhibit 77.

22 MR. LOWTHER: No objection.

23 THE COURT: It's admitted.

24 BY MS. SNEED:

25 Q. And what is Government Exhibit 78?

1 **A.** 78 is a customer submitting their information requesting a  
2 refund.

3 **Q.** And did you receive that e-mail?

4 **A.** Yes.

5 MS. SNEED: Your Honor, I would move to admit Government  
6 Exhibit 78.

7 MR. LOWTHER: No objection.

8 THE COURT: It's admitted as well.

9 BY MS. SNEED:

10 **Q.** Turning to Government Exhibit 77, Mr. Smith, if you look at  
11 that bottom half of the document, the e-mail from you, is that  
12 your e-mail address, owen@coinspark.io?

13 **A.** Yes.

14 **Q.** You said, I have this guy resend and copy support in case the  
15 token e-mail is marking it spam. Looks like he purchased 400  
16 Spark for 1 ETH and owes us 600 total if he wants the refund. He  
17 says he never got refund instructions.

18 Do you see that?

19 **A.** Yes.

20 **Q.** And what date did you send that?

21 **A.** August 28th, 2018.

22 MS. SNEED: Then if we go to the very top of page 1 of  
23 Exhibit 77 to the header, Ms. Etienne. Thank you.

24 **Q.** And you sent a follow-up e-mail, is that right, Mr. Smith?

25 **A.** Yes.



1 Q. And what date was that?

2 A. September 16th, 2018.

3 Q. And in the e-mail what are you asking?

4 A. I'm asking for an update on that initial request for this  
5 user.

6 Q. Who are you asking?

7 A. I am asking -- I'm asking Ryan.

8 Q. But there are others on the e-mail, right?

9 A. Yes.

10 Q. So would it usually take you to follow up to see if any  
11 investors had gotten their refunds, to follow up with the  
12 defendant?

13 A. Yes. I followed up on more than just this one. I would  
14 follow up any time someone came back and said, I'm still waiting.

15 Q. And as far as you saw working on the Zendesk platform, did it  
16 seem that most of the investors had tried that other e-mail  
17 address, that coinspark.io e-mail address, and then tried Zendesk  
18 as a backup because they hadn't heard anything?

19 A. Yes. They would come to Zendesk and as -- just trying every  
20 avenue they could to get in touch.

21 MS. SNEED: Then if we can put up Government Exhibit 78,  
22 Ms. Etienne.

23 Q. This appears to be another refund request from someone who  
24 had -- who wanted the return -- the refund, is that right?

25 A. Yes.

1 Q. And who did you forward this to?

2 A. Ryan, Chance and Drew.

3 Q. Is that the e-mail that you would also use at CoinSpark,  
4 support@coinspark.io?

5 A. Yes. I believe that was the one that Zendesk would default  
6 to.

7 Q. Do you know if any investors received refunds?

8 A. I know some people said they -- I know some -- I had some  
9 feedback from people who successfully got their refund.

10 Q. Do you know if everyone who requested a refund got a refund?

11 A. I don't know.

12 Q. Lastly, are you familiar with SkyBlock?

13 A. Yes.

14 Q. What is that?

15 A. It was an idea for online film festivals that Chance and I had  
16 come up with.

17 Q. When had you guys come up with this idea?

18 A. Around August or September of 2018.

19 MS. SNEED: Ms. Etienne, if you could call up Government  
20 Exhibit 21, please.

21 Q. Mr. Smith, on the screen is Government Exhibit 21 that was  
22 previously admitted. Does this look familiar to you at all?

23 A. Yes.

24 Q. What is this?

25 A. This was our -- this is from when we were trying to draft our

1 SkyBlock website.

2 **Q.** And under the date October 9th, 2018, on page one, it says,  
3 Acquire FLiK tokens directly from SkyBlock.

4 At some point did SkyBlock take over FLiK?

5 **A.** No, we didn't take over the FLiK company.

6 **Q.** So what happened? How were they able to acquire FLiK tokens  
7 directly from SkyBlock?

8 **A.** Around -- a little before this, Ryan told Chance and myself  
9 that he had a quantity of FLiK that was worthless and he wasn't  
10 doing anything with, and he would just give it to us if he thought  
11 we could use it for anything.

12 **Q.** When did that happen?

13 **A.** When did it get transferred?

14 **Q.** Yes. Better question.

15 **A.** Early September of 2018.

16 **Q.** And why would you and Mr. White take worthless FLiK tokens  
17 from the defendant?

18 **A.** The -- the only reason to take -- you would -- it's hard to  
19 get a token listed on a cryptocurrency exchange. So if you can --  
20 if you can get a token that already is on an exchange, that means  
21 you could -- it could have some use for you. So anyone can create  
22 a cryptocurrency token but it doesn't exist much of anywhere.  
23 People can't use it.

24 **Q.** So how would the FLiK token work with SkyBlock?

25 **A.** We were still kind of fleshing that out, but we would need a

1 token of some sort, whether it was FLiK or anything else. We  
2 would run -- we wanted to run an online film festival so that  
3 people could do virtual screenings of their movies. And we would  
4 use a crypto token as the medium of entry to the festival or to  
5 view the festival.

6 **Q.** So the defendant transferred how many FLiK tokens to you all?

7 **A.** I don't recall exactly how many.

8 **Q.** Was it a vast amount?

9 **A.** Not -- no, not -- I don't think it was a vast amount compared  
10 to the original supply and quantity of FLiK. It didn't matter to  
11 us what the -- it didn't matter what the amount was as much as,  
12 Well, here's a token that an exchange has listed, so...

13 **Q.** And did the defendant transfer any other assets related to  
14 FLiK to you, to SkyBlock?

15 **A.** He gave the -- he gave control over to the -- I think to the  
16 original FLiK Twitter account and possibly Instagram account. So  
17 some social media.

18 **Q.** By "assets" I mean money, property.

19 **A.** No.

20 **Q.** Were there any assets of FLiK to transfer to you as far as you  
21 knew?

22 **A.** I don't know.

23 **Q.** Did you or Mr. White pay the defendant anything for the FLiK  
24 tokens?

25 **A.** No.

1 Q. And as far as the investors in FLiK, were you aware there was  
2 an official FLiK channel on Telegram?

3 A. Yes.

4 Q. Was there any sort of reaction on the FLiK Telegram channel or  
5 the CoinSpark Telegram channel related to this change of ownership  
6 of FLiK tokens?

7 A. Yes.

8 Q. And what was that reaction?

9 A. The reaction in general was negative, that anything besides  
10 the original intent of FLiK happen involving FLiK.

11 Q. Because you and Mr. White were not planning to do a FLiK  
12 streaming platform, is that right?

13 A. Correct.

14 Q. Did you all ever hold the film festival for SkyBlock?

15 A. No, we canceled the project.

16 MS. SNEED: No further questions, your Honor.

17 THE COURT: Mr. Lowther, do you have any questions?

18 CROSS-EXAMINATION

19 BY MR. LOWTHER:

20 Q. Good afternoon, Mr. Smith.

21 A. Hello.

22 Q. My name is Joshua Lowther, and I represent Ryan Felton.

23 You're aware after the FLiK ICO -- well, let me just back up.

24 You have been familiar with Mr. Felton for quite some years?

25 A. Yes.

1 Q. And that predated FLiK, the FLiK ICO and certainly CoinSpark?

2 A. Yes.

3 Q. So you were aware of the FLiK -- excuse me, the FLiK Telegram  
4 channel after the ICO? You monitored that? You actually saw  
5 postings?

6 A. The -- no. I didn't monitor the FLiK Telegram channel.

7 Q. Well, you didn't monitor but you actually saw it, correct?

8 A. I've seen it.

9 Q. So were you a member or did you just look at someone else's  
10 account?

11 A. I'm not -- I didn't -- I'm not sure if you have to be a  
12 member. I've been in the chat room.

13 Q. So you were just added to the chat room as a user?

14 A. Yes.

15 Q. And do you recall when that was?

16 A. No.

17 Q. It would be -- does it seem like it would be after the ICO?

18 A. Yes.

19 Q. Do you recall that the people, the people who purchased coins  
20 at the ICO, they became a bit irate in that chat room a couple  
21 months after that happened, correct? Do you recall those posts?

22 A. I -- I've -- I've seen irate posts regarding FLiK. I don't  
23 know the dates.

24 Q. Would you say they were threatening posts --

25 A. Yes.

1 Q. -- against Mr. Felton?

2 And against his family?

3 A. Yes.

4 Q. And that was happening on a regular basis, eventually?

5 A. I didn't go there on a regular basis but it was happening.

6 Q. They were there whenever you were there?

7 A. Yes.

8 Q. And did the intensity of those seem to escalate?

9 A. That, I'm not sure over what time period. It was a pretty  
10 intense period, so...

11 Q. So SkyBlock Media, that's not Ryan Felton. That's you and  
12 Mr. Chance White, correct?

13 A. Yes.

14 Q. And that was a project that you two created -- I say a  
15 project, a concept you two created sometime earlier for a  
16 different purpose than what was actually -- it ended up being used  
17 for, right?

18 A. It was just created for a purpose of trying to do the online  
19 film festival thing.

20 Q. But that was a project that you and he were working on  
21 together to eventually accomplish?

22 A. Yes.

23 Q. And after these threatening posts against Mr. Felton and his  
24 family, he wanted out of FLiK. Is that your understanding? Do  
25 you recall that?

1 **A.** Yes.

2 **Q.** And he said you can take it and run with it. Do you recall  
3 that conversation between Mr. Felton, you and Mr. White?

4 **A.** Not you can take it and run with it. Not at the time he was  
5 getting threatening posts.

6 **Q.** Not literally those words, but do you remember those  
7 conversations?

8 **A.** Not in relation to the threatening posts. It was more in  
9 relation to his cancer diagnosis.

10 **Q.** That was my very next part. Would you please tell us what you  
11 knew about that?

12 **A.** That Ryan had been diagnosed with a form of cancer and was  
13 unable to -- was basically not -- didn't want to continue with any  
14 of these projects. So he was not going to be able to continue  
15 running the exchange or bring these projects to fruition that we  
16 had been working on. So he said, I have some -- I have leftover  
17 FLiK tokens. If they can be of any use to you, then you're  
18 welcome to them.

19 **Q.** That ended up being a misdiagnosis, correct?

20 **A.** That's my --

21 **Q.** To your understanding?

22 **A.** My understanding.

23 **Q.** But at that point that's what precipitated the transfer of  
24 these from FLiK to SkyBlock Media?

25 **A.** Yes.



1 Q. Thank you.

2 THE COURT: Any redirect?

3 MS. SNEED: No, your Honor.

4 THE COURT: Does anyone anticipate we'll need this  
5 witness later for any reason?

6 MR. LOWTHER: No, your Honor.

7 MR. KITCHENS: No, your Honor.

8 THE COURT: Sir, you can step down and you're released.  
9 Thank you.

10 THE WITNESS: Thank you.

11 (Witness excused)

12 THE COURT: Call your next witness.

13 MR. KITCHENS: The government calls Chance White.

14 THE COURT: Good afternoon.

15 COURTROOM DEPUTY CLERK: Mr. White, if you can stand up  
16 and raise your right hand, please.

17

18 CHANCE WHITE

19 a witness herein, being first duly sworn,

20 was examined and testified as follows:

21

22 COURTROOM DEPUTY CLERK: You can be seated.

23 DIRECT EXAMINATION

24 BY MR. KITCHENS:

25 Q. Good afternoon, Mr. White.

1 A. Good afternoon.

2 Q. What town do you currently live in?

3 A. Kennesaw.

4 Q. How long have you been there?

5 A. I believe about five years.

6 Q. Have you been in the Atlanta area for awhile?

7 A. Yes. Since '98.

8 Q. Can you tell us, what do you do for a living?

9 A. I'm a content creator.

10 Q. When did you first start doing that?

11 A. That was around 2000.

12 Q. What do you do as a content creator more specifically?

13 A. Yeah. I shoot and edit video. I also do animation, visual  
14 effects and direct.

15 Q. And who are your clients?

16 A. They range from corporate to commercial to small business,  
17 kind of in that area.

18 Q. Do you work for a company or do you have your own?

19 A. I have my own video production company.

20 Q. What's the name of the video production company?

21 A. White Flame Studios.

22 Q. Now, was there a -- was that also part -- can you tell us a  
23 little bit about your education.

24 A. Yeah. I studied computer animation at the Art Institute of  
25 Atlanta.

1 Q. So really from your education to your career have you been  
2 focused on computer animation and video production?

3 A. Yes.

4 Q. Now, was there a point in time that you met Ryan Felton?

5 A. Yeah. I met Ryan Felton at a bar I estimate around 2008,  
6 probably, time frame.

7 Q. And when you met him at the bar, how did he introduce himself?

8 A. Well, I just remember that he was an actor and producer and,  
9 you know, from there we started collaborating.

10 Q. What type of work were you doing at the time?

11 A. At that time I was doing -- I was participating in some timed  
12 filmmaking competitions. And I remember that he acted in a few of  
13 those.

14 Q. So he actually was one of the actors in your productions?

15 A. At that time, yes.

16 Q. In addition to that, did you really -- did you ultimately  
17 become friends?

18 A. Yes.

19 Q. And what, if any, work for him did you do after that point in  
20 time?

21 A. Right. Well, after that he was a producer as well, and he  
22 was -- he had hired me for, you know, countless projects from then  
23 until now -- or until it ended in 2017-ish.

24 Q. What was his video production company?

25 A. It was called AVA.

1 Q. AVA, what did that stand for?

2 A. Atlanta Video and Advertising.

3 Q. And what type of work were you doing with AVA?

4 A. I was shooting and editing videos.

5 Q. What were the types of clients that were working with AVA?

6 A. Big corporate clients all the way to small businesses.

7 Q. And how long was it that you worked with him at AVA?

8 A. Well, it was over years. The last year or two it had become  
9 more of almost like a full-time kind of thing because he had -- he  
10 and his wife had gotten that much work to where it kept me pretty  
11 busy, so...

12 Q. And really was that work essentially corporate clients that  
13 were paying for production?

14 A. Correct. Yes.

15 Q. What were the kind of productions that you were pulling  
16 together?

17 A. Well, there was a wide range. You know, we created -- you  
18 know, ranging from like a large series of videos, you know, for  
19 Home Depot to WebMD to smaller clients.

20 Q. So overall were you working with Ryan Felton over a number of  
21 years?

22 A. Yes.

23 Q. Did you have similar interests?

24 A. Yeah. Yeah, we had some similar interests. Yeah.

25 Q. Did you socialize with him outside of work?

1 A. Yes.

2 Q. Did you ultimately become a close friend with Ryan Felton?

3 A. Yes.

4 Q. What was your opinion of him at that time when you were  
5 working with him at AVA Atlanta?

6 A. Well, I -- you know, I had a high opinion of him. We were  
7 close friends and there were a lot of things about him that I  
8 admired. And, you know, he had always treated me well. So, you  
9 know, I thought highly of him.

10 Q. Now, let's shift gears a little bit after we talked about your  
11 primary work. Did there ever come a point where you became  
12 involved in cryptocurrency?

13 A. Yes. That was -- it was around the time -- it was around the  
14 same time that Ryan was getting FLiK going.

15 Q. So before 2017 did you have any involvement in cryptocurrency?

16 A. No.

17 Q. Did you have any sort of -- other than your animation,  
18 education and your background in that, did you have any sort of  
19 technical computer science background?

20 A. Not really, no. I mean, I did a little bit of coding for  
21 aftereffects. But, you know, that's not -- I would say no to that  
22 question.

23 Q. And did you invest in any cryptocurrency before 2017?

24 A. No, sir.

25 Q. What was the first cryptocurrency that you ever held?

1 A. I believe it was FLiK.

2 Q. So let's talk a little bit about FLiK. When was it that you  
3 remember first hearing about it?

4 A. I remember first hearing about it around the time -- well, I  
5 mean, it was when things were really busy with AVA. And, you  
6 know, I think it was like in the fall. And, you know, Ryan was  
7 really excited about this project. And he told me about what it  
8 was at some point.

9 Q. And who was it that was leading the project?

10 A. That was Ryan Felton.

11 Q. What did he tell you about what the project involved?

12 A. Ryan told me that it was going to be a streaming platform that  
13 was going to be basically fueled by the blockchain in crypto.

14 Q. And what was your reaction to hearing about the project at  
15 first?

16 A. You know, at first it sounded very ambitious. And, you know,  
17 I wasn't sure, you know, how exactly he was planning on pulling  
18 that off.

19 Q. At some point did he ask for any help from you related to  
20 FLiK?

21 A. Yes. At some point -- well, I mean, I had actually offered,  
22 you know -- I mean, this is -- you know, he was basically my boss,  
23 so, you know, I offered to help if I could, you know, with his new  
24 venture. It went down something like that. And I wound up  
25 shooting and editing four videos, four marketing videos for him.

1 Q. What were kind of the nature -- can you describe in general  
2 what those marketing videos were like?

3 A. Yeah. They were just interviews with four different  
4 individuals talking about the FLiK platform.

5 Q. And were those videos that took place, do you remember, before  
6 the initial coin offering or after the initial coin offering?

7 A. I'm not sure, honestly.

8 Q. Now, at the time that you did these -- he asked you to do  
9 this, who was your main client for your company, your video  
10 production company?

11 A. Well, that was his company, AVA.

12 Q. That was where you primarily -- that was basically how you got  
13 your income and made a living?

14 A. Right. Yes.

15 Q. Was he the individual at the time that you did the majority of  
16 your video production work at the time with?

17 A. Yes, sir.

18 Q. And did you -- at the time he asked you to do this, did he  
19 talk -- did you talk with him or request any payment for doing  
20 this?

21 A. For the FLiK videos, it wasn't really discussed. We didn't  
22 really talk about compensation.

23 Q. After you did the video did you, in fact, actually receive  
24 some compensation?

25 A. Yes, I did.

1 Q. What did you receive?

2 A. I received approximately 1.8 million FLiK tokens.

3 Q. And before that had you ever set up a cryptocurrency account?

4 A. I had not.

5 Q. How did you learn how to do that?

6 A. Well, I mean, I think he helped me but I -- he helped me a  
7 little bit with that, I think, but I honestly don't remember.

8 Q. And why -- did Ryan Felton tell you anything about why he gave  
9 you the 1.8 million FLiK tokens?

10 A. Well, my understanding was it was compensation for the videos  
11 and also kind of, you know -- he had said something along the  
12 lines of he wanted to make sure that I had a soft landing after  
13 AVA was no longer in business. So I think it might have had  
14 something to do with that as well.

15 Q. And as FLiK started to gear up, did the business or work at  
16 AVA start to decline?

17 A. Yes.

18 Q. Did that impact your own livelihood, your own work?

19 A. Yes.

20 Q. Was that your primary source of income?

21 A. Yes, it was.

22 Q. Now, as part of FLiK did Ryan Felton ever ask you to review  
23 any blog posts related to FLiK?

24 A. Yes, he did.

25 Q. I'm going to show you what's already been admitted as



1 Government Exhibit 62.

2 **A.** Okay.

3 **Q.** We'll bring that up on the screen.

4 MR. KITCHENS: Can we just blow up the blog post itself.

5 **Q.** Okay. Mr. White, do you remember seeing a blog post like  
6 this?

7 **A.** Yes, sir.

8 **Q.** Did you see it before it was posted?

9 **A.** I believe so.

10 **Q.** Without going into too much detail what, in general, was this  
11 blog post informing people?

12 **A.** Well, it was informing people how the FLiK tokens would be  
13 able to be used once the streaming platform was available.

14 **Q.** And did the redemption rate for a FLiK token, did that change  
15 over time?

16 **A.** Yes. As you can see in this roadmap, it was -- it did change  
17 over time or was planned to.

18 **Q.** Was the plan that the FLiK token could be redeemed for things  
19 of higher value as time went along?

20 **A.** Yes. That is correct. To my knowledge.

21 MR. KITCHENS: We can take this down.

22 **Q.** The date of that, did you see that?

23 **A.** The date of the blog post?

24 **Q.** Yes.

25 **A.** I didn't see it.

1 Q. Okay. I'm sorry.

2 MR. KITCHENS: Could you bring that up one minute,  
3 Exhibit 62, again. I was too hasty.

4 Q. If we look at the top, do you see the date of that post?

5 A. Yes. October 16th, 2017.

6 MR. KITCHENS: All right. We can take that down.  
7 Thanks.

8 Q. I'm going to show you what's marked as Government Exhibit 63.  
9 Mr. White, do you recognize that document?

10 A. Yes, sir.

11 Q. What is it?

12 A. It's an e-mail thread between myself, Ryan Felton and Owen  
13 Smith in response to the blog post in question.

14 Q. Is that that blog post we just looked at?

15 A. Yes, sir.

16 MR. KITCHENS: We offer for admission Government  
17 Exhibit 63.

18 MR. LOWTHER: No objection, your Honor.

19 THE COURT: It's admitted.

20 MR. KITCHENS: If we can start with the second page, the  
21 bottom of this chain first.

22 BY MR. KITCHENS:

23 Q. Who is it that sent the initial e-mail? We're looking at the  
24 top of the page. I think it's the first e-mail.

25 MR. KITCHENS: Thanks, Ms. Etienne.

1 A. I believe it's in response to the blog post draft that Ryan  
2 sent.

3 Q. So is he sending the draft to try to get your thoughts on it?

4 A. Yes, I believe so.

5 Q. Now, if we look at the next page in this -- so this is page  
6 one, I apologize -- did Owen Smith write a response at the bottom?

7 A. Yes, sir.

8 MR. KITCHENS: Can we bring that up, please.

9 Q. All right. I want to focus your attention on kind of that  
10 second paragraph.

11 What is Mr. Smith, Owen Smith, stating based on his review of  
12 the technical analysis?

13 A. Well, it looks like he's stating that people right now -- at  
14 that time were thinking that one FLiK would equal a rental but  
15 it's actually a purchase.

16 Q. And the thought was, as we looked at over time the blog post,  
17 the value of the FLiK token was going to increase over time?

18 A. I'm sorry. Can you restate that question?

19 Q. Of course.

20 And so was his -- just looking at the second sentence of that  
21 second paragraph, what were people thinking that one FLiK token  
22 would equal?

23 A. Well, I mean, it looks like in the e-mail he's stating that at  
24 that time it was believed that one FLiK would equal a \$3.99  
25 equivalent rental.

1 Q. And then if we look at the first sentence, consistent with  
2 that blog post, at some point in time was a FLiK token going to be  
3 worth a movie purchase under that projection?

4 A. It appears to be the case. Yes.

5 Q. And then down the line, ultimately a FLiK token could be  
6 exchanged for a subscription to the service?

7 A. Yes, sir.

8 Q. Now, let's look at the couple e-mails where you respond to  
9 that.

10 MR. KITCHENS: That's at 5:23 and 5:22, if we can blow  
11 those up.

12 Q. What was your response to reading this?

13 A. At the time I was excited. And I was also a little naive, you  
14 know. I thought that it could potentially be a really good  
15 project and a great thing to be a part of.

16 Q. Why were you excited as someone that held the FLiK tokens?

17 A. Well, because I thought that the value was going to increase.

18 Q. Let's look at one more blog post.

19 MR. KITCHENS: Can we look at Government Exhibit 15.

20 One moment, your Honor, we'll try to dig that out.

21 Thanks, Ms. Oduka.

22 Q. All right. Do you remember reading this post about progress  
23 report and product update?

24 A. Yes, sir.

25 Q. All right. This first section on product update, what type of

1 information was being provided about the streaming platform?

2 **A.** This was an update on progress on where things were with the  
3 platform about testing, file compression and the challenges  
4 therein.

5 **Q.** So were there discussions about technical issues with a  
6 platform that was in development?

7 **A.** I wasn't a part of any of those discussions.

8 **Q.** Oh, sure. I just meant -- and I apologize. This blog post,  
9 did it discuss the development of the platform?

10 **A.** Yes, sir.

11 **Q.** If we look at the next section on licensing agreements, was  
12 there a discussion -- if you look at the very last sentence on  
13 licensing agreements, was there a discussion about what the -- the  
14 status of negotiations to try to get content for the platform?

15 **A.** Yes. I think this is saying that it was -- you know, they  
16 were -- that it was being worked on but it wasn't something that  
17 could be disclosed at this time. But they were pursuing libraries  
18 of content.

19 **Q.** If we look at the next section, Alpha/Beta Testing, what was  
20 being described in the blog post there?

21 **A.** That once the license content was acquired, it would be tested  
22 on Alpha and then Beta platforms. And that Alpha testing would be  
23 conducted by stakeholders.

24 **Q.** What did that indicate to you in reading this about the status  
25 of the platform at the time?

1 A. Well, it would indicate that it's -- that progress is being  
2 made and it's being worked on.

3 Q. And it's about to be tested?

4 A. Well, I mean, there's plans for it to be tested. I don't  
5 know -- the word "about," I don't know what the time frame was. I  
6 don't think it mentions a time frame. But, I mean, it says it's  
7 on the way at some point.

8 Q. And what was -- what was your impression in terms of the  
9 status of the development of the FLiK platform based on reading  
10 that update post?

11 A. Well, it was encouraging that progress was being made. I  
12 mean, you know, there were some challenges but it was -- my  
13 understanding is that it was -- that it was being worked on.

14 Q. Now, at that time did you know the truth of any of those  
15 claims?

16 A. I did not personally know. So, no, I did not.

17 Q. You didn't have any role in terms of the development of the  
18 platform?

19 A. No, sir, I did not.

20 Q. Now, after you received those FLiK tokens, what did you plan  
21 to do with them?

22 A. Well, as I said, I was very new to crypto. I don't even -- at  
23 the time I didn't even -- never even had a stock before. So,  
24 like, you know, it was like a totally new thing for me. So, you  
25 know, once I figured out how to access the wallet and how to trade

1 it and then -- you know, I did a couple trades and it worked and I  
2 got some Bitcoin, I was like, Wow, this is real.

3 So, you know, I proceeded to very poorly trade it on  
4 exchanges. And, you know, my plan was to, you know, trade some  
5 and hold onto some, you know, as the project continued and kind of  
6 see where things developed.

7 Q. Was it something that you were looking at as an investment?

8 A. Yes. I suppose so, yeah.

9 Q. After you were given the FLiK tokens, did you discuss the  
10 trading value of FLiK tokens at various times with Ryan Felton?

11 A. I mean, there may have been conversations, but I don't  
12 specifically remember them. I mean, there was -- but they  
13 probably occurred, you know.

14 Q. Did Ryan Felton talk with you at all about his own sales of  
15 FLiK tokens?

16 A. That's another thing that I -- I don't -- I mean, I'm not  
17 sure. I mean, he may have, but I honestly don't remember any  
18 specifics. I don't think he disclosed that often.

19 Q. Now, around this time after the ICO happened for FLiK, did you  
20 notice any new purchases by Ryan Felton?

21 A. Yes. Yes, sir.

22 Q. And what did you notice?

23 A. Well, he had purchased a Ferrari and a house.

24 Q. Did you see him when he was in the process of researching  
25 houses?

1 **A.** Yeah. I mean, at one point he had showed some houses that  
2 they were looking at on Zillow, I remember one day, at Big Peach.

3 **Q.** What did he tell you about those purchases?

4 **A.** Well, I mean, at that time it was just like, you know, these  
5 are places we're looking at, they were considering. That was  
6 pretty much it.

7 **Q.** Was there anything about the places he was looking at that  
8 surprised you?

9 **A.** Well, they were very nice.

10 **Q.** And you were -- you had worked at AVA Atlanta. Did you have a  
11 general sense of the amount of work that was coming into the  
12 company?

13 **A.** Yes.

14 **Q.** Based on your work for AVA, did it have the cash flow to  
15 support kind of the nature of the house that he was buying and the  
16 purchase of a Ferrari?

17 **A.** I mean, it was hard to say. I mean, I never was privy to, you  
18 know, how much they were making off the projects we did. I mean,  
19 we were working with big clients. And our negotiation was always  
20 what my rate would be. And I didn't know what they were making on  
21 all these. So, you know, I wasn't ever really sure, I mean, so...

22 Can you restate the question.

23 **Q.** Sure. Let me just ask this. The timing of those purchases,  
24 did they come soon after the ICO for FLiK?

25 **A.** They did, yes.



1 Q. Did there come a time where -- I think we've talked about  
2 your -- you prepared some videos for FLiK, you reviewed on  
3 occasion a couple blog posts. Was there any other work that you  
4 did for FLiK while Ryan Felton owned it?

5 A. That was all I did for FLiK. I mean, you know, he might have  
6 sent, you know, potential articles and stuff to us just to say,  
7 Hey, this is what I might be posting, just to get input. That was  
8 it.

9 Q. Did there come a point in time when you and Owen Smith took  
10 over the FLiK project?

11 A. Yes, sir.

12 Q. How did that come about?

13 A. So, much later FLiK had not -- the platform had not come out  
14 and there were a lot of people who invested in FLiK who were, you  
15 know, not happy with that. And, in fact, to the point where there  
16 was a -- they were trying to do some kind of class action lawsuit.  
17 And there were threats, even threats and stuff to Ryan and Jen,  
18 Jennifer his wife.

19 And also at that time I had learned that Ryan had very serious  
20 cancer. So around that time Owen and I thought maybe it would be  
21 beneficial to everybody if we made a new platform that was going  
22 to be a streaming platform but more kind of like independent-  
23 filmmaker focused that was going to be a film festival. And also  
24 there would be content on it. And you would be able to use, you  
25 know, like an Ethereum token, similar to FLiK. But we would have

1 our own token and we would also accept FLiK tokens.

2 So the motivation for that is to take that off of their plate  
3 so that hopefully people would stop threatening and harassing them  
4 because I didn't think that he had a lot of time left. And, you  
5 know, I just thought it could be good for everybody. And it would  
6 be good for investors in FLiK who had lost money, which included  
7 some friends of mine.

8 So, you know, I thought that that could be good, you know, an  
9 overall good thing for everybody. So that's where that came from.

10 **Q.** Who was it that told you about the health diagnosis?

11 **A.** Ryan, I think.

12 **Q.** And what did he tell you about what his plans were after  
13 receiving the diagnosis?

14 **A.** About his plans? Well, I mean, I remember -- I mean, there  
15 were conversations where he wanted to make the most of the time he  
16 had left, like things to that degree?

17 **Q.** And as a friend to him, was that something that concerned you?

18 **A.** Of course.

19 **Q.** Now, you mentioned that you agreed to take it over. What was  
20 the name of the company that you had?

21 **A.** It was called SkyBlock.

22 **Q.** And what was really your intention with SkyBlock when you took  
23 over FLiK?

24 **A.** Well, I mean, as I said, the intention with SkyBlock was to,  
25 you know, create a streaming platform that would utilize Ethereum,

1 like, ERC20 tokens, you know, similar to FLiK but we were going to  
2 do it more like a film festival but also had content. And it was  
3 going to be kind of like a scaled-down kind of thing. That was  
4 the plan.

5 **Q.** Now, when you agreed to take over FLiK, let's talk a little  
6 bit about the mechanics of what actually happened.

7 What steps were taken in order for him to transition FLiK to  
8 you?

9 **A.** So he handed over the screen names, the log-in information for  
10 the Facebook and the Twitter accounts and like the social media  
11 stuff. And that was pretty much it. Oh, and -- I'm sorry, the  
12 remaining FLiK tokens also he transferred to a wallet that we  
13 controlled.

14 **Q.** How many FLiK tokens were there that he transferred to  
15 SkyBlock?

16 **A.** I think it was 20 million.

17 **Q.** Did you pay anything to Ryan Felton for those 20 million  
18 tokens?

19 **A.** No, sir.

20 **Q.** At that point in time was this -- at what point in time was  
21 this that he transferred it over?

22 **A.** I don't remember exactly at what point in time, but I know it  
23 was right before the Hollywood Reporter and the press came out  
24 with information about this investigation and all that stuff going  
25 on.

1 Q. Let me ask this. At the time that he transferred over the  
2 tokens to you, how much were those tokens worth?

3 A. Oh, I mean, hardly anything. I mean, it was under -- well  
4 under a cent per FLiK token I want to say. I mean, they were  
5 nearly worthless at the time.

6 Q. As part of transferring all this over to you, did Mr. Felton  
7 ask you to sign any paperwork?

8 A. He did present a contract. And, you know, I took it and, you  
9 know, I said I would review it and get back -- you know, and  
10 return it -- sign and return it. I said I would do that. And I  
11 reviewed it and I never wound up signing it.

12 Q. Why didn't you sign it?

13 A. There was some language in the contract that I wasn't  
14 100 percent comfortable with.

15 Q. What was that?

16 A. I have since lost that document, but, I mean, I feel like  
17 there were some things -- it seemed like there were some  
18 liabilities that would be transferred that I wasn't feeling too  
19 good about.

20 Q. Just so I understand, your recollection of the contract, was  
21 it -- would try to transition certain liabilities to you in taking  
22 over --

23 A. I mean, that was my interpretation. And I planned to have a  
24 lawyer look at it, but that just didn't wind up happening. And  
25 part of the reason that didn't happen is because very quickly we

1 abandoned the whole thing.

2 Q. Now, at the time that this was turned over to you, was it your  
3 understanding that Mr. Felton turned over everything belonging to  
4 FLiK?

5 A. That was my understanding, yes.

6 Q. Did he hold back anything that you're aware of?

7 A. Not that I'm aware of.

8 Q. At the time that you took over FLiK, did FLiK have an  
9 operating streaming platform?

10 A. Not to my knowledge.

11 Q. Was there any platform that was nearing Alpha or Beta testing?

12 A. Not to my knowledge.

13 Q. Was there any partially-built platform that was turned over to  
14 you?

15 A. No, sir.

16 Q. Did you see --

17 A. I'm sorry. I will say that there was one -- I believe I was  
18 told that it would be better to just start over from scratch for  
19 some -- I don't remember what reason, but I think that was said at  
20 some point.

21 Q. Who said that?

22 A. Well, Ryan, I believe.

23 Q. Was there any sign that Mr. Felton had been working on  
24 building a platform?

25 A. I mean, not that I -- not that I saw.

1 Q. Now at the time of the takeover, did FLiK have any licensing  
2 agreements with any content provider?

3 A. Not that I'm aware of, but, I mean, I wasn't privy -- well,  
4 not that I'm aware of.

5 Q. At the time of the takeover, did you see any sign that there  
6 were any proposals to license content?

7 A. No, sir.

8 Q. And at that time did you see any sign that Mr. Felton had been  
9 negotiating for licensing content?

10 A. Aside from what he had told us, you know, previously, no.

11 Q. Now, when this was announced, that SkyBlock would take over  
12 FLiK, what was the investor reaction?

13 A. So the timing was not great. Very shortly after that the  
14 press came out about the investigation, and so that was all over  
15 the place, our names were in it. I mean, nobody knew my name was  
16 involved in SkyBlock because we didn't want to release that  
17 anyway. But people suspected that it was another thing like FLiK  
18 that was not going to work out. So, you know, it was met with a  
19 lot of skepticism.

20 Q. And what happened with the SkyBlock project?

21 A. It was abandoned, you know. It was probably a matter of weeks  
22 where, you know, we just said, This isn't going to work. And if  
23 we were going to do this, you know, it should be under a different  
24 name and not involved with FLiK. And it was too late at that  
25 point, so we abandoned the project.

1 Q. Did you or Mr. White ever receive any payment in connection  
2 with your work for SkyBlock?

3 A. No, sir.

4 Q. Did you later ask Mr. Felton about his diagnosis and his  
5 health?

6 A. We inquired, you know -- you know, just to get updates over  
7 time. And, yes, we did.

8 Q. Did he talk about his health much?

9 A. I mean, he would talk -- yeah, when you asked, he would talk  
10 about it. Yes, sir.

11 Q. What did he tell you about that diagnosis?

12 A. Well, I remember at one point they -- he had said that they  
13 had misdiagnosed the kind of cancer that it was, and so they had  
14 to run more tests.

15 Q. Did he ever cite after that health is the reason impeding him  
16 from doing any work?

17 A. Well, I don't recall him specifically saying that.

18 Q. Let's talk about CoinSpark itself. When did you first hear  
19 about CoinSpark?

20 A. It was -- you know, it was a little bit after FLiK or the ICO  
21 probably about FLiK, he had talked about an exchange.

22 Q. And what did Mr. Felton tell you about that exchange?

23 A. Well, he had said that he was interested in starting an  
24 exchange, you know, as possibly his next venture, and that was  
25 something that he was looking into.

1 Q. Now, were there already a good number of cryptocurrency  
2 exchanges available?

3 A. Yes.

4 Q. What was Mr. Felton pitching as what was going to be unique  
5 about CoinSpark?

6 A. Well, I think it was going to be a little easier to use,  
7 perhaps. But then at some point the -- one of the distinguishing  
8 things was that it was going to have his own token that would  
9 actually -- there were going to be 25 million Spark coins. And if  
10 you invested and you held these Spark coins, you would receive a  
11 share of the profits based on how many of the tokens you owned.

12 Q. In what form would the share of the profits be paid out?

13 A. Well, it would be paid out in Ethereum, I think.

14 Q. Would it be pay out in a dividend?

15 A. Yes.

16 Q. When he told you about this, did it sound like a good project?

17 A. Yes. I mean, I thought -- I mean, I had come to learn that,  
18 you know, cryptocurrency exchange sites, you know -- I saw some  
19 numbers and the volume of trading going on and what was happening  
20 at that time. I mean, they were making a lot of money. So, you  
21 know, I thought if -- if a successful exchange did this, it would  
22 be a great opportunity, so...

23 Q. Now, at some point in time did Mr. Felton ask you if you would  
24 work with CoinSpark?

25 A. Well, at some point, yeah. I mean, I don't remember the exact



1 moment but at some point, you know, it was talked about or  
2 expressed me kind of being a part of it in some fashion. Yes.

3 **Q.** Now, at that time when that opportunity came up, what was kind  
4 of the status of your main business with AVA Atlanta?

5 **A.** Well, that was -- AVA had closed their doors at that point  
6 once that was happening or was about to.

7 **Q.** So did that -- without that income stream what really were you  
8 left with at the time?

9 **A.** So since I had been mostly working full-time with AVA, I --  
10 you know, I wasn't pursuing other clients that were my own clients  
11 for my production company. So I was faced with either, you know,  
12 start to kind of rebuild that business and that clientele or, you  
13 know, continue to maybe work with Ryan and, you know, see where  
14 that would go. And at that time it seemed like it could go -- you  
15 know, it was promising at that time. It seemed promising.

16 **Q.** What did you decide to do when he offered you a role with  
17 CoinSpark?

18 **A.** I decided to take it.

19 **Q.** What did he describe as what was your role going to be with  
20 the company?

21 **A.** I was just going to be in charge of video marketing, just  
22 creating videos, creating marketing videos.

23 **Q.** And did you have a sense of the other people that were also  
24 involved with CoinSpark?

25 **A.** Yes, sir.

1 Q. Was Owen Smith involved?

2 A. Yes, sir.

3 Q. Was Drew Owen involved?

4 A. Yes, sir.

5 Q. What was the nature of Mr. Owen's role?

6 A. Well, as far as I remember, he was involved in helping to,  
7 like, make the exchange work, like the function of the exchange.

8 Q. Just so I understand, was there a -- was he personally  
9 building the exchange or was there a company that was building the  
10 exchange?

11 A. The actual -- the actual exchange was -- I guess the backbone  
12 of the exchange was going to be by this company AlphaPoint.

13 Q. And was Drew Owen kind of point of contact in part with  
14 AlphaPoint?

15 A. Possibly. I'm not really sure.

16 Q. Did Mr. Felton tell you where CoinSpark was going to be based?

17 A. Yes.

18 Q. Where was that?

19 A. The Cayman Islands.

20 Q. Now, were there any employees of CoinSpark located in the  
21 Cayman Islands?

22 A. No, sir. Not at that time.

23 Q. Were there employees of CoinSpark in the Cayman Islands at any  
24 point in time?

25 A. Not to my knowledge.

1 Q. So let's talk a little bit about that promotional work that  
2 you discussed that you did with CoinSpark.

3 How did you do really promotion for CoinSpark?

4 A. Well, the -- you know, the main one I remember is it was  
5 basically an animated explainer video that was kind of showing how  
6 the site would work and how the exchange would work and how the  
7 dividend would work with the Spark token. And that was based off  
8 a script that Ryan wrote. And then I basically did the visuals  
9 and put it all together.

10 Q. Now, the time, again, that you started doing this, did you  
11 have extensive experience in cryptocurrency?

12 A. Well, I mean, at that point I learned a little bit. I learned  
13 kind of some basic stuff. You know, I learned, like, what you  
14 could kind of do with smart contracts and Ethereum and the ERC20  
15 tokens. So I had become a little, you know, more versed in that  
16 at that time.

17 Q. Were you applying, in essence, your video production skills in  
18 order to do the marketing work?

19 A. Yes, sir.

20 Q. And who was it that was providing the substance for what you  
21 were providing in the marketing materials?

22 A. Ryan Felton.

23 Q. In addition to those marketing videos, did you have any role  
24 with social media for CoinSpark?

25 A. I was a part of the Telegrams and in the different channels

1 but just to kind of moderate to some degree, as a moderator.

2 **Q.** As a moderator can you explain how that -- like what happened,  
3 what you did on the Telegram?

4 **A.** It's a chat room basically. And a moderator, you know,  
5 somebody comes in there and they're like spamming, you know,  
6 advertising something or whatever or being disruptive, then you  
7 can ban them from the channel. Stuff like that.

8 **Q.** Did you provide any responses or any content on the Telegram  
9 page?

10 **A.** Yeah. I mean, I would participate in the discourse from time  
11 to time.

12 **Q.** When you participated in the discourse, was it messages that  
13 you would post on your own or did someone review them?

14 **A.** Typically it would be on my own. There might have been like  
15 canned responses that we all like used sometimes, like when  
16 somebody would ask, you know, like the same question that we hear  
17 a lot, you know, stuff like that.

18 **Q.** Do you remember what username you used when you were posting  
19 on Telegram?

20 **A.** I think on Telegram at that time it might have been Crypto  
21 Allstar. That might have been it.

22 **Q.** Now, in addition to Telegram and those videos that you put  
23 together, did the CoinSpark team also publish articles or blogs on  
24 other sites about CoinSpark?

25 **A.** Yes, sir.

1 Q. And in some of those articles were members of the team using  
2 aliases or other names?

3 A. That's correct, yes.

4 Q. Who was it who was posting articles with aliases?

5 A. Well, I had posted -- I mean, part of -- part of our  
6 responsibilities were to -- yeah, at one point we were supposed to  
7 write an article and post it. So I know I posted one or two.

8 Q. Who asked you to do that?

9 A. Ryan Felton.

10 Q. Did Ryan Felton post an article under a fake name?

11 A. I believe so.

12 Q. Do you remember what name he used?

13 A. Michael Taylor.

14 Q. Now, in all that -- was there also marketing material on the  
15 CoinSpark website itself?

16 A. Yes, sir. It was a whitepaper.

17 Q. And who was it that prepared the whitepaper?

18 A. Ryan Felton.

19 Q. What was the primary point that was emphasized for CoinSpark  
20 in all of that marketing you did and into the whitepaper?

21 A. Well, at that time, you know, one of the main marketing hooks  
22 was the dividend function, being able to share in the profits.

23 Q. I'm going to show you an example. I'll show you what's been  
24 marked as Government Exhibit 65.

25 All right. Mr. White, do you recognize that?

1 A. Yes, sir.

2 Q. What is it?

3 A. This is the front page of the e-mail newsletter that was sent  
4 out for CoinSpark.

5 Q. Was this something -- did you have a role in putting this  
6 together?

7 A. I made the video here that's embedded. I didn't really have  
8 anything else -- anything to do with anything else.

9 MR. KITCHENS: We offer for admission Government  
10 Exhibit 65.

11 MR. LOWTHER: No objection.

12 THE COURT: It's admitted.

13 MR. KITCHENS: Let me just show this real quick. We've  
14 already got the Elmo up.

15 BY MR. KITCHENS:

16 Q. So if you see on the first page it looks like there's -- if  
17 you clicked on that play button, would that bring up a video?

18 A. Yes, sir.

19 Q. Was that, again, what you described, the video that you had  
20 prepared for --

21 A. Yes.

22 Q. And who was it, again, who provided the script for that video?

23 A. Ryan Felton.

24 Q. What did that video advertise about CoinSpark?

25 A. Well, I mean, it was -- it was about, you know, the exchange

1 and how it would work and about how the dividend would work with  
2 the token.

3 **Q.** Now, if we look just on the heading above that, it says, Own a  
4 piece of a world class crypto exchange.

5 Is that right?

6 **A.** Yes, sir. That's what it says.

7 **Q.** Now, how is the dividend supposed to work?

8 **A.** Well, via the smart contracts, which basically, that's just --  
9 that's just like, you know, you can program these ERC20 tokens to  
10 do different things and have different utilities. So it was going  
11 to be through the smart contract that the -- that's how it was  
12 supposed to work was through, you know, code that was going to be  
13 embedded into the token.

14 **Q.** And did that promotional material talk extensively about those  
15 dividends?

16 **A.** Yes, sir.

17 **Q.** Did you draft the actual content for that promotional  
18 material?

19 **A.** No, sir.

20 **Q.** Who did?

21 **A.** Ryan Felton.

22 **Q.** Did those promotional pieces that he put together for  
23 CoinSpark, did they ever reveal the members of the team?

24 **A.** No, sir.

25 **Q.** Who was it that made the decision not to disclose who the

1 members of the team were?

2 **A.** I don't recall exactly, but, I mean, I know -- you know, at  
3 the time I recall like there -- there was an article about another  
4 exchange that had gotten like raided by some people, and so we  
5 were concerned about security.

6 **Q.** Was there any concern about people learning about the  
7 connection to FLiK?

8 **A.** Yes. At that time there was, yeah, because people had started  
9 to become skeptical about FLiK.

10 **Q.** Is that something that you discussed with Mr. Felton?

11 **A.** I don't recall discussions. I mean, I remember it all --  
12 everybody kind of wanted the team to be anonymous.

13 MR. KITCHENS: Hold on just one minute.

14 THE WITNESS: Okay.

15 THE COURT: Go ahead.

16 BY MR. KITCHENS:

17 **Q.** Let's talk about the ICO itself, Mr. White.

18 THE COURT: Let's actually take a quick break. How much  
19 longer do you think you have with this witness?

20 MR. KITCHENS: Maybe 15 to 20 minutes.

21 THE COURT: All right. I think it's a good time to take  
22 a break. So, ladies and gentlemen of the jury, let's take maybe a  
23 five-minute quick break. Okay. Thank you. You're reminded of  
24 your instructions for breaks.

25 (The jury exited the courtroom)



1 (After a recess, the proceedings continued as follows:)

2 (Court Announced)

3 THE COURT: Thank you, Officer.

4 You can have your seats.

5 Let's bring out the jury, please.

6 (The jury entered the courtroom)

7 THE COURT: Y'all can have your seats.

8 Go ahead, Mr. Kitchen.

9 MR. KITCHENS: Thank you, your Honor.

10 BY MR. KITCHENS:

11 Q. Mr. White, when we broke I think I asked you about if you  
12 recall the ICO for CoinSpark itself?

13 A. Yes, sir.

14 Q. Did you purchase any Spark coins in the ICO?

15 A. I did purchase a small amount.

16 Q. And do you remember roughly how much you purchased?

17 A. I believe it was around 2,000.

18 Q. What was the rough cost of that?

19 A. I don't remember.

20 Q. Why did you purchase the Spark coins?

21 A. Well, I wanted to, you know, test them and just, you know, see  
22 if they functioned and potentially trade them or hold onto them.

23 Q. Now, before the ICO did Mr. Felton tell you how much he hoped  
24 to raise through the ICO for the project to be successful?

25 A. Yeah. I mean -- yes, he had.

1 Q. What was it that he said he hoped to raise?

2 A. I remember him saying he hoped to raise a million or more.

3 Q. Did Mr. Felton tell you how much he actually raised?

4 A. Well, I remember it being around 200 Ethereum from the ICO.

5 Q. At the time do you remember roughly the dollar equivalent for  
6 that?

7 A. I think that was around \$300,000.

8 Q. Now, at some point after the ICO and after you had done the  
9 marketing about the dividend, did something change about the  
10 dividend?

11 A. Yes. The dividend functionality was removed.

12 Q. And what was -- why was that dividend removed?

13 A. There was concern about it being considered a security.

14 Q. What was your reaction to the decision to no longer offer the  
15 dividend to investors?

16 A. Well, I mean, I was disappointed. I didn't think it was a  
17 good thing because that was one of the, you know, primary benefits  
18 of the token.

19 Q. Did Mr. Felton express to you the concern about it being  
20 treated as a security if it offered a dividend?

21 A. Yes, I believe he did.

22 Q. And so after the decision was made to no longer offer the  
23 dividend, how did CoinSpark address that?

24 A. I think the utility of the token was changed to be a discount  
25 on trading fees. And, you know, I remember there was an

1 announcement -- you know, when this was announced we -- also, I  
2 believe there was also like a token burn plan that was announced  
3 at the same time, something along those lines.

4 MR. KITCHENS: If we can switch back to the computer.  
5 Ms. Etienne, can we please pull up Government Exhibit 26.

6 Q. If we can look -- just at the title at first. Is this what  
7 you recall being an announcement?

8 A. Yes, sir. I believe so.

9 Q. If we -- I think the second sort of blue heading it says,  
10 Spark Burn Schedule.

11 We'll bring that up so you can see it a little bit. I know  
12 that's really small type. Do you see that?

13 A. Yes, sir.

14 Q. Do you remember this being part of the announcement at the  
15 same time there was an announcement about no longer offering the  
16 dividend?

17 A. Yes, sir. I think so.

18 Q. What did a "burn" mean to you?

19 A. Well, my understanding was that by decreasing the amount of  
20 tokens in circulation, it would increase scarcity, which would  
21 drive the value upwards.

22 Q. Did you discuss the value of the Spark coin at various times  
23 with Ryan Felton?

24 A. I believe there were discussions but I'm -- you know, I don't  
25 recall any specifically.

1 MR. KITCHENS: We can take this down.

2 Q. Now, even after this -- and after this announcement was made,  
3 did you continue to conduct your normal marketing role with  
4 CoinSpark?

5 A. Yes, sir. I don't recall -- I don't recall many videos after  
6 that first one. I think I made some short teasers, maybe, but I  
7 honestly don't really recall them. The main one I remember is  
8 that first one, the explainer video.

9 Q. I'm going to show you what's been marked as Exhibit 67.  
10 Mr. White, just let me now if you recognize that document.

11 A. Yes, sir.

12 Q. What is it?

13 A. This is an article that I wrote to try to, well, promote  
14 CoinSpark.

15 MR. KITCHENS: We offer for admission Government  
16 Exhibit 67.

17 MR. LOWTHER: No objection.

18 THE COURT: It's admitted.

19 BY MR. KITCHENS:

20 Q. Let's look at the bottom e-mail on this page. What was the  
21 date of this e-mail?

22 A. July 23rd, 2018.

23 Q. And did you send this to Ryan Felton?

24 A. Yes, sir.

25 Q. And is this -- below this, is this the draft article that you

1 had prepared?

2 **A.** Yes, sir.

3 **Q.** Now, let's look at the next page. I want to focus on kind of  
4 the conclusion of the article.

5 MR. KITCHENS: Great.

6 **Q.** So that first full paragraph, so about three lines down, it  
7 says, I've been following a new exchange which has flown a bit  
8 under people's radar. CoinSpark.

9 Did you reveal at any point in this article that you were part  
10 of the CoinSpark team?

11 **A.** No, sir.

12 **Q.** And if we look a little bit -- with these articles, when they  
13 were prepared by members of the CoinSpark team, did they ever  
14 identify that it was members of the CoinSpark team who were  
15 actually writing the articles?

16 **A.** Not to my knowledge.

17 **Q.** Why not?

18 **A.** Well, because we -- you know, we wanted them to -- well, I  
19 mean, we knew that if people knew they were written by people  
20 involved in the project, it would be, you know -- it would be bias  
21 obviously.

22 **Q.** Now, if you look at that second paragraph from the bottom, it  
23 says, Making things even more exciting for Spark holders, there's  
24 a burn schedule in place ensuring scarcity and the increased  
25 valuation of their tokens.

1 Is that that burn schedule we just looked at, that post?

2 **A.** Yes, sir.

3 **Q.** If we look at the bottom paragraph, what are you describing in  
4 the last paragraph of the article?

5 **A.** That's a -- talking about how the dividend was removed.

6 **Q.** Why did you draft this article?

7 **A.** I -- part of -- we were -- we were -- part of our  
8 responsibilities was to write an article at that time, people on  
9 the team.

10 **Q.** And who asked you to draft the article?

11 **A.** Ryan Felton.

12 MR. KITCHENS: Can we go back to the first page. Thank  
13 you, Ms. Etienne.

14 **Q.** Let's look at the response from Ryan Felton in the middle.  
15 What did Mr. Felton say in response?

16 **A.** He said that he -- he -- he poses the question that maybe the  
17 token -- I'm sorry, the utility changing should be omitted.

18 **Q.** And in response to that -- was that referring to that last  
19 paragraph we just looked at?

20 **A.** Yes, sir.

21 **Q.** And in response to that did you remove that language?

22 **A.** Yes, sir.

23 **Q.** And I'll show you what's been marked as -- the date of this  
24 e-mail is July 23rd, 2018, is that correct?

25 **A.** Yes, sir.

1 Q. And is this that one article that you published anonymously  
2 that you mentioned earlier?

3 A. Yes, that's correct. And I just really quickly want to point  
4 out that, I mean, I was speculating about, you know, using pin  
5 names, the reasons for that. I mean, we were told to do that.

6 Q. And who told you to do that?

7 A. Ryan.

8 Q. I want to show you Government Exhibit 68 quickly. Do you  
9 recognize that?

10 A. Yes, sir.

11 Q. And what is that?

12 A. That is an e-mail from myself to Ryan, Owen and Drew.

13 MR. KITCHENS: We offer for admission Exhibit 68.

14 MR. LOWTHER: No objection.

15 THE COURT: It's admitted.

16 MR. KITCHENS: All right. Can we publish that. And if  
17 we can blow up the text. That's perfect. Thanks, Ms. Etienne.

18 BY MR. KITCHENS:

19 Q. So is this three days after that e-mail that you sent?

20 A. Yes, sir.

21 Q. And is this the link to the actual final published article  
22 that you produced?

23 A. Yes, sir. I'm not sure if it's the published one, but it's at  
24 least like the draft where I took that stuff out.

25 Q. You took out the stuff in the last paragraph?

1 A. Yeah, the stuff that he asked for me to take out.

2 Q. And you provide a link it looks like to medium.com?

3 A. Yes, sir.

4 Q. What was medium.com?

5 A. Well, Medium is a place where people post articles and blogs  
6 and stuff like that.

7 Q. What was the name that you used to publish this article,  
8 CoinSpark Is Poised to Disrupt the Crypto Exchange Landscape?

9 A. I believe the handle was Crypto Cletus.

10 Q. Again, at any point in there did you indicate that you were a  
11 member of the CoinSpark team?

12 A. No, sir.

13 Q. And who told you not to reveal that?

14 A. I believe it was Ryan.

15 Q. We can take this down.

16 After the ICO, was Spark ever listed on any sort of exchange  
17 for trading?

18 A. Yes, sir. It was on Idex.

19 Q. What was Idex?

20 A. I mean, I hadn't even heard of Idex until Spark was on it. It  
21 was just a -- I mean, just an exchange like -- just a crypto  
22 exchange.

23 Q. Did you have some discussions with Ryan Felton about the  
24 trading of the Spark coin on Idex?

25 A. Yes, sir.



1 Q. I'm going to show you what's been marked as Government  
2 Exhibit 69. Mr. White, do you recognize this?

3 A. Yes, sir.

4 Q. What is it?

5 A. It's a conversation between myself, Ryan, Owen and Sean.

6 Q. This conversation, is it a series of text messages?

7 A. Yes, sir.

8 Q. Are these text messages that you downloaded from your phone?

9 A. Yes, sir.

10 MR. KITCHENS: We offer for admission Government Exhibit  
11 69.

12 MR. LOWTHER: No objection.

13 THE COURT: They're admitted.

14 BY MR. KITCHENS:

15 Q. All right. Just to orient ourselves a little bit to this  
16 document, on the left side, is that showing the various  
17 participants in this text exchange?

18 A. Yes, sir.

19 Q. On the right side are those the dates and the times for the  
20 various texts?

21 A. Yes, sir.

22 Q. So if we look just on the first page, what are you discussing  
23 in this group?

24 A. We were talking about the -- the coin being on Idex, trading  
25 on Idex, the SparkCoin.

1 Q. What was the date for these messages?

2 A. March 30th, 2018.

3 Q. Was this right after the conclusion of the ICO?

4 A. I believe so, yeah. Well, yeah. It should have been a few  
5 weeks after, yeah.

6 Q. When did the ICO take place?

7 A. It was from 2/14 to 3/14.

8 Q. Of 2018?

9 A. Yes, sir.

10 Q. Let's look at the next page of this document. All right. And  
11 I want to focus your attention on it looks like a 5:21 p.m.  
12 post -- or, excuse me, text in the middle of this page. Do you  
13 see that post that I'm looking at?

14 A. Yes, sir.

15 Q. Okay. That text, I should say.

16 Who is this text from?

17 A. Ryan Felton.

18 Q. What does he say?

19 A. He's saying, Let's conference tonight, see how we can make it  
20 go up 20 percent quickly.

21 Q. What did that mean to you?

22 A. Well, it meant that he wanted to talk about how the value  
23 could increase by 20 percent quickly.

24 Q. If we look at the next text, how did he explain he wanted to  
25 do that?

1 A. I would presume, a few large buys.

2 Q. Did you have a conversation with him about why he wanted -- he  
3 says, Let's conference tonight.

4 Did that conference take place?

5 A. I assume it did, but I don't recall. I don't recall the  
6 conversation.

7 Q. Did he explain to you why he wanted the price of Spark to go  
8 up 20 percent quickly?

9 A. He didn't explain that exactly, no. I think it was implied.

10 Q. Who was it that held the most Spark coins?

11 A. Ryan Felton.

12 Q. Who stood to gain the most if the price of Spark went up  
13 20 percent?

14 A. Ryan Felton.

15 MR. KITCHENS: We can take this down. Thank you,  
16 Ms. Etienne.

17 Q. Mr. White, did CoinSpark, the exchange, ever launch?

18 A. I think it launched at one point -- maybe it was a soft  
19 launch, but it never really fully worked.

20 Q. Did it ever have significant trading activity?

21 A. Not that I recall.

22 Q. Did you try to do transactions on the CoinSpark exchange?

23 A. Yeah. I remember trying a few trades.

24 Q. Did they work well?

25 A. I remember them not working well, no.

1 Q. Was the exchange profitable?

2 A. I don't know.

3 Q. Did you ever see any portion of profits for CoinSpark?

4 A. No, sir.

5 Q. How long did you work on CoinSpark?

6 A. You know, I want to say it was a better part of a year.

7 Q. Can you give a ballpark estimate how long -- how many hours  
8 that you put in on this project?

9 A. You know, it was in the -- I'm sure it was in the hundreds.

10 But, I mean, the videos would be the bulk of it, lots of meetings,  
11 you know. Yeah, it was a lot of time.

12 Q. Mr. White, were you ever paid anything for the work that you  
13 did on CoinSpark?

14 A. No, sir.

15 Q. Did you ever gain anything from your work on CoinSpark?

16 A. No, sir.

17 Q. Do you still have the Spark coins that you purchased in the  
18 ICO?

19 A. I assume they're probably sitting in the wallet still.

20 Q. And how much are those Spark coins worth today?

21 A. I don't know. I haven't looked in a long time: Probably  
22 nothing.

23 MR. KITCHENS: I think that's all the questions I have,  
24 your Honor.

25 THE COURT: Mr. Lowther.

1 MR. LOWTHER: No questions, your Honor.

2 THE COURT: All right. Can I release the witness?

3 MR. KITCHENS: You may, your Honor.

4 MR. LOWTHER: Yes, your Honor.

5 THE COURT: Sir, thank you for your time. You're  
6 released.

7 (Witness excused)

8 THE COURT: Ladies and gentlemen of the jury, it's about  
9 5:30, so this seems to be a good stopping point for the day.

10 I've had something else come up that I need to have  
11 another short hearing in the morning in another case. So we'll do  
12 the same thing tomorrow morning that we did this morning. If you  
13 could try to be here by about 9:15, we would hope to start at  
14 9:30.

15 And if counsel can be here and ready at 9:15 as well, it  
16 may be that that hearing I have at 9:00 is a quick one and we can  
17 start closer to 9:15 than 9:30. Does that work for everyone?

18 (All answer in the affirmative)

19 THE COURT: You're reminded of your instructions for  
20 breaks, all of those instructions, but most importantly please do  
21 not communicate in any way with anyone about this case. And  
22 please do not do any search about this case in any way. I hope  
23 y'all have a wonderful evening. Thank you.

24 (The jury exited the courtroom)

25 THE COURT: Y'all can have your seats. Thank you.

1 Counsel, anything that we need to discuss prior to the  
2 first witness in the morning?

3 MR. KITCHENS: No issues. We just wanted to give you,  
4 again, a little preview in terms of the schedule and where we are.

5 We are actually moving along very, very well. I think  
6 currently we really are in a position where we probably will have  
7 maybe about a half a dozen witnesses tomorrow. We, unfortunately,  
8 have two witnesses from out of town that would not be coming in  
9 until essentially I think late tomorrow, so they would not be able  
10 to testify until Thursday morning. So we may be in a position,  
11 and I've discussed this with Mr. Lowther, where we may be able to  
12 have the charge conference, if that's the Court's preference, kind  
13 of late in the afternoon tomorrow with the thought that the  
14 government really is in a position where we would be able to  
15 finish up Thursday morning.

16 THE COURT: All right. And I had that you've gone --  
17 we've had maybe ten witnesses I think if my count is right. And  
18 you have nine left, but you just listed six and two, so maybe I'm  
19 over counting.

20 MR. KITCHENS: I think -- I'm trying --

21 THE COURT: I know you said that Mr. Brown --

22 MR. KITCHENS: Mr. Brown, that's correct, he's not  
23 testifying. The other one, who I believe is not testifying, is  
24 Andrew Owen. And I think the remainder of the witnesses on the  
25 list I believe are still --

1           THE COURT: I didn't have Owen, so I'll strike him out.  
2           I anticipated maybe even having that charge conference,  
3 you know -- I thought you might be done a little bit earlier  
4 tonight so we could start that discussion, but let's just do that  
5 tomorrow.

6           What I would ask you to do is with the verdict form and  
7 the instructions. I know that some of the counts have fallen  
8 away. If you could update both the verdict form and the proposed  
9 instructions to reflect those changes, I would appreciate it.

10          And if you guys and gals, if you could have a discussion  
11 about how we handle those disappearing counts. You know, when I  
12 gave my preliminary instructions, I listed all of them. And it  
13 may be that it went in one ear and out the other, but it may be  
14 that some jurors paid attention to that number and will be curious  
15 as to what happened and why. And I would like you to discuss  
16 perhaps a neutral statement I can make about that. All right.

17          Anything else from either side?

18          MR. LOWTHER: I don't think this is necessary, but I'm  
19 going to ask anyway. Just in the unlikely event Mr. Felton will  
20 testify in the case and what -- I don't want to be in a position  
21 tomorrow, for example, if the government finishes its witnesses  
22 and then in the very unlikely event it will say, We're not going  
23 to call the other two -- considering who those witnesses are, I  
24 can't imagine the government is not going to call them -- but I  
25 need a reasonable time to confer with him after the last

1 government's witness before he starts. So I just want to confirm  
2 that the Court will allow us to start on Thursday regardless.

3 THE COURT: Yes.

4 MR. LOWTHER: Thank you.

5 THE COURT: All right. I hope y'all have a good  
6 evening. See you in the morning. Thank you.

7 (After a recess, the proceedings continued as follows on  
8 July 13, 2022:)

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C E R T I F I C A T E

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF GEORGIA

I do hereby certify that the foregoing pages are a true and correct transcript of the proceedings taken down by me in the case aforesaid.

This the 15th day of May, 2023.

*Penny Pritty Coudriet*

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PENNY PRITTY COUDRIET, RMR, CRR  
OFFICIAL COURT REPORTER